VOLUME 17

सत्यमेव जयते
GOVERNMENT OF INDIA
MINISTRY OF SKILL DEVELOPMENT
& ENTREPRENEURSHIP

N·S·D·C
National
Skill Development
Corporation
Transforming the skill landscape

Human Resource and Skill Requirements in the Media and Entertainment Sector

(2013-17, 2017-22)

cutting through complexity

This report is prepared by KPMG Advisory Services Pvt Ltd (KASPL).

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We would like to thank all NSDC's industry and training partners for their active participation. The success of the study has been possible through their collaborative efforts.

In addition, we convey our gratitude to all those who have, in some way or other, contributed towards the successful completion of this study.

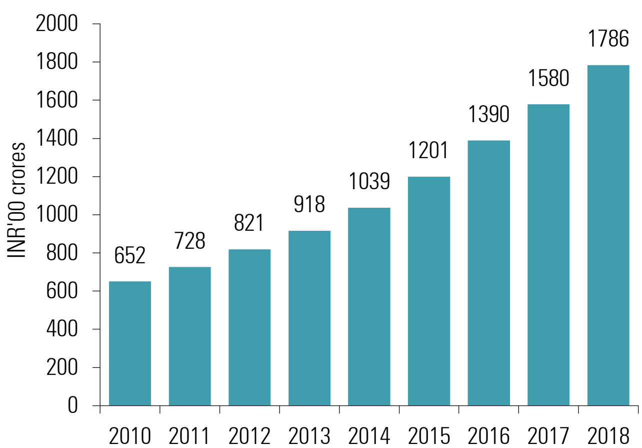
Executive Summary

The M&E sector is expected to witness strong growth over the years with television being the most dominant segment

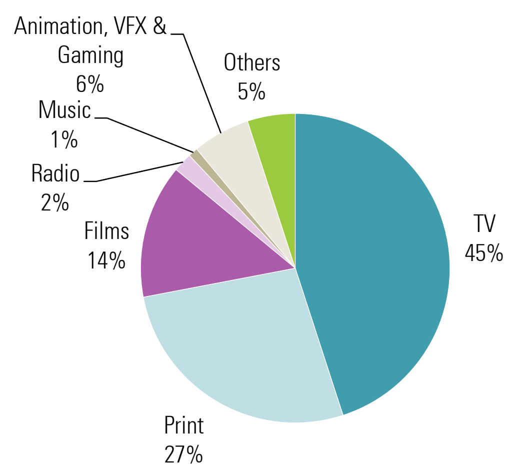
Overview of Media and Entertainment sector

- The industry largely depends on advertising revenues, and the growth and performance of this sector plays a significant role in the upliftment of the overall economy
- The industry is not export-oriented, and most of its output is consumed indigenously. However, imports form a considerable portion of the industry and include imports of newsprints, set-top boxes and antennae.
- Most sub-sectors of the M&E industry allow FDI in varying limits. The government is currently contemplating a proposal to increase the FDI cap to 49 percent in all M&E segments under the automatic route
- With increasing digitization of content and convergence of distribution platforms, technology is increasingly playing an important role across the M&E value chain

Media and Entertainment sector in India



Break-up of M&E sector (2013)



- The Indian M&E industry grew from INR 821 billion in 2012 to INR 918 billion in 2013, registering an overall growth of 12.7 percent; and is projected to grow at a healthy CAGR of 14.2 percent to reach INR 1,786 billion by 2018

Sub-sector Growth Rates (Y-O-Y, 2013) and Market Size (2013)

12.7%
Television
INR 417.2 billion

8.5%
Print
INR 243.1 billion

11.5%
Films
INR 125.3 billion

-9.6%
Music
INR 9.6 billion

16.4%
Animation, VFX & Gaming
INR 58.9 billion

15.0%
Radio
INR 14.6 billion

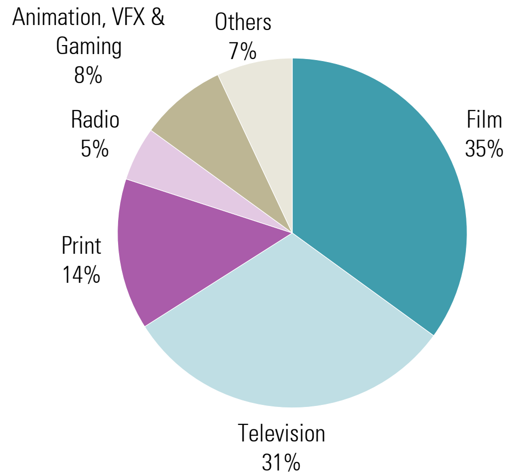
Sources: KPMG in India analysis

Demographic characteristics of workforce

The Indian film industry suffers from under-penetration of screens and has a workforce primarily dominated by freelancers

- **Workforce dominated by freelancers**: Across India, approximately 25 percent of the total people employed in the M&E sector work with the film sector. A majority of them are contract workers/freelancers as opposed to full-time employees . On the contrary, in 2010, only 5 percent of the total media and entertainment workforce in the UK was employed with the film sector with 25 percent freelancers.
- The total current employment in the Media & Entertainment sector is estimated at ~0.46 million, and is projected to grow at a CAGR of 13 percent to reach 0.75 million by 2017.
- A break-up of the employment across the various sub-sectors is provided in the accompanying graphic.
- The Indian Media and Entertainment sector which is expected to grow at a CAGR of 14.2 percent to reach INR 1,786 billion by 2018 has a high demand for skilled professionals across each of its sub-sectors
- Film and Television sectors employ a major portion of the workforce. This demand is triggered by digitization activities in both films and television arena; and launch of new channels across genres

Media and Entertainment sector employment, 2013; 100% = 0.46 million



Distribution of M&E hubs across India

State	Key attributes
Haryana/Delhi NCR	▪ Noida, Gurgaon and Delhi have led the growth of television, radio, print, music, films and advertising sectors ▪ Noida Film City houses Marwah Films & Video Studios and the Asian Academy of Film & Television
Maharashtra	▪ Maharashtra is known to have significant presence of films, television, music, print, radio and animation ▪ Mumbai being the headquarters for a number of M&E companies and also home to Filmcity that serves as a venue for several Bollywood film shootings
West Bengal	▪ West Bengal has a significant presence of films, television, print and music sectors ▪ Triggered by the demand for print dailies, both ABP and the Times group launched youth focused Bengali dailies, E Bela and Ei Samay
Andhra Pradesh	▪ Ramoji Film City in Hyderabad is the largest integrated film city in the world ▪ The state government is setting up a GAME (Game, Animation, Media and Entertainment) City by 2014 end
Karnataka	▪ Television, films, music and animation sectors are the key drivers of Karnataka M&E industry ▪ To cultivate the animation sector, the state government unveiled the Animation, Visual Effects, Gaming and Comics (AVGC) policy in 2012

Incremental Human Resource Requirement (2013-22)

Industry currently employs 0.4 million workforce in 2013 which is expected to reach 1.3 million by 2022

Industry largely depends on advertising revenues and performance of Industry is largely dependent on the overall economy outlook. Industry currently employs 0.4 million workforce in 2013 which is expected to reach 1.3 million by 2022 translating into 0.9 million additional employment opportunities during the period 2013-22. Owing to high dependency on human resources, industry would have a strong correlation between employment growth and output value. Labour elasticity for the period 2013-22 is pegged at 0.55 considering the technological advancements and emergence of new media segments. Labour elasticity factors have considerable variations across the sub sectors depending on nature of activities undertaken.

Sub Sector	Employment(in Million)		
	2013	**2017**	**2022**
Television	0.14	0.28	0.64
Print	0.06	0.07	0.13
Radio	0.02	0.03	0.04
Animation, VFX and Gaming	0.02	0.03	0.04
Films	0.16	0.24	0.44
Overall Sector	**0.4**	**0.65**	**1.3**

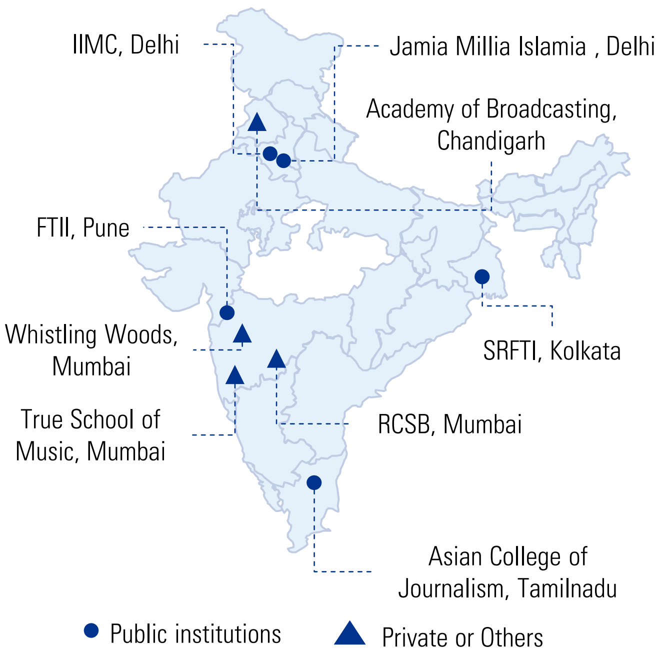
Sub Sector	Employment Growth 2013-17	Employment Growth 2017-22	Employment Growth 2013-22
	(In millions)	(In millions)	(In millions)
Television	0.14	0.36	0.5
Print	0.01	0.06	0.07
Radio	0.01	0.01	0.02
Animation, VFX and Gaming	0.01	0.02	0.03
Films	0.08	0.20	0.28
Overall Sector	**0.25**	**0.65**	**0.90**

Television and Films account for lion's share of employment growth in the sector during 2013-22. While the growth rate of employment in new media and Animation/Gaming is high, considering the relatively lower base of current employment the contribution to overall sectoral growth is limited.

Sub-sector	Key job roles facing skill gaps
Television	Management/ Executive Roles, Producer, Script-writers, Directors, Cameraman, Stage-hands (Light men, spot-boys, assistants), Journalists, Broadcast Operators, Media Management/ Archival
Print	Ad Sales, Copy Writing/ Copy Desk/ Features Writing, Photographers (Stills)
Film	Producers, Directors, Acting/ Voice-overs, Screen/Script writer, Stage-hands (Light men, spot-boys, assistants)
Animation, VFX and Gaming	Animators, Game Designers, Modelers, Script-writers, Programmers/Testers
Radio	Radio Presenters/ Radio Jockeys, Producers, Copywriters, Sound Engineers

Select infrastructure of the media and entertainment sector

Employers preference for supply sources: private and public training institutes



Actor's Studio, Orissa

- The acting programme at Actors' Studio which focuses on both TV and films is designed to integrate theory, analysis and practice in the classroom
- The programme uses a variety of techniques ranging from behaviour based methods to technology- oriented exercises designed to enhance performance for camera

Film and Television Institute of India (FTII), Pune

- FTII offers specialized courses for aspiring candidates eyeing film and television domains
- It receives around 5,000 applications from various parts of the country for admission to various PG diploma and certificate courses
- The total number of seats in the 11 courses is 132, with each course having 12 seats

Challenges impacting the growth of industry infrastructure development

- Industry players are yet to fully recognize the importance of training, skill development or education in media
- The students trained in a media course often have to compete with general stream graduates for a job, as the industry continues to hire general stream graduate students at the entry level who are expected to learn on the job
- Perception about media as a vocation- especially on the creative side-is often not favourable
- Lack of job security driven by company size and the widespread use of freelancers
- Unattractive salaries as compared to other industries and absence of clear career path for a student
- Owing to a high demand, several media schools opened however many of them lack quality, teach an outdated curriculum and are mostly ill-equipped to handle demands of the industry to train and skill manpower
- A lot of production houses in television, films, animation and news, in both print and broadcast, have in-house training schools but they lead to creation of a captive talent pool and do not benefit the industry at large
- In terms of overall vocational skill-sets development, the macro environment within the media industry isn't as evolved and conducive as mature industries like IT, manufacturing, engineering or pharmaceutical industries. This is also one of the reasons why the industry cannot really be the first career option for a majority of youngsters

Source: Press articles, KPMG in India analysis, FICCI-KPMG report 2014

Select recommendations & implications

Recommendation	Implications
Create training capacities through credible media institutes with quality faculty and a dynamic curriculum particularly in television segment which enables the sector to tap into the right people in terms of training skills and capability	▪ Promote training infrastructure for Media and Entertainment industry through industry players and the government. Training institutions need financial support, so that they can develop infrastructure, for example purchase the latest equipment to train students ▪ Institutions need to pay close attention to teacher recruitment, training and create regularly updated curriculum in consultation with industry
Focus on specific areas of training like production management in collaboration with leading management institutions in India to enable production houses draw synergies in production ventures and reduce costs	▪ High standard has to be maintained while imparting key courses, which necessitates collaboration with leading management institutions
Introduction of media and entertainment related courses in secondary school education to promote the awareness levels on skill requirements in the industry	▪ The government must encourage media and entertainment courses as an option in popular ITI institutes so as to avoid isolation of the industry related courses ▪ Awareness needs to be created amongst the school students through vocational education in the sector during secondary school education creating awareness of opportunities in the sector
Encourage formal skill development and training and incentives for animation/VFX and gaming	▪ Dedicated governing body is needed to look into the requirements of animation and gaming sector ▪ With success of TV show - Chhota Bheem and animated movie - Mahabhart, demand for workforce in animation industry would increase
Promote and incentivize up-skilling of workforce to cope up with the changes including digitization, growth in multilingual markets, new technologies and convergence that demand additional skill sets for the workforce	▪ Up-skilling would serve as add-on for the employees. Provide skill premium for up-skilled candidates. ▪ Encourage employees to upgrade skills to remain relevant in the changing industry scenario ▪ Formalize the training relationship with product companies to certify and credit the employees who have undergone such training

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Abbreviations

ARPU	Average Revenue Per User
AVGC	Animation, Visual Effects, Gaming and Comics
C&S	Cable and Satellite
CAGR	Compounded Annual Growth Rate
CGI	Computer Generated Image
CRBT	Caller Ring Back Tone
DAS	Digital Addressable System
DTH	Direct-to-Home
FDI	Foreign Direct Investment
FMCG	Fast Moving Consumer Goods
FTE	Full Time Equivalent
GDP	Gross Domestic Product
GECs	General Entertainment Channels
HD	High Definition
IFPI	International Federation of the Phonographic Industry
INS	Indian Newspaper Society
IP	Intellectual Property
IRS	Indian Readership Survey
LCOs	Local Cable Operators
MSOs	Multi-system Operators
NASSCOM	National Association for the Software and Services Companies
PR	Public Relations
RAM	Radio Audience Measurement
TRAI	Telecom Regulatory Authority of India
VFX	Visual Effects
VOD	Video-on-Demand

Context and approach

Brief background	NSDC had conducted sector-wise skill gap studies for 19 high priority sectors in 2008–09 . ▪ KPMG has been engaged as a consultant to help evaluate the skill gap across 25 sectors and develop actionable recommendations for its stakeholders. ▪ Mandate includes sector and sub-sector level analysis, demand-supply projection, estimation of incremental man-power requirement between 2013-2017 and 2017-2022, identification of key-employment clusters, and SWOT analysis of each sector ▪ Study also aims to take qualitative insights from stakeholders on enablers and challenges for each sector, way forward in terms of specific policy level actionable recommendations,
Inclusions over the previous study	▪ Study led by industry – Sector Skill Councils and a panel of professionals from different sub-sectors were consulted for their inputs on industry trends, key takeaways in terms of skill requirement, qualitative insights to understand specific interventions required for each sector and to validate the quantitative results and recommendations ▪ 6 sectors were added to the list of NSDC priority sectors for studying the skill gaps Updated study also includes ▪ Identification of top 20 job-roles in each sector, case studies around good training practices, sub-sector level indicators and growth factors ▪ Study also includes understanding of existing training infrastructure, work-force characteristics and employment clusters, ▪ Macro economic factors, central and state governments policies and their envisaged impact ▪ Synchronisation of the sector wise demand from the district level skill gap studies ▪ Recommendations for key stakeholders - Industry, NSDC, Training organizations and Government ▪ Environment scans every year till 2015-16 including SWOT analysis for the sector

Industry classification

Industry Classification as per NIC

Sector and subsectors as per NIC classification

Division 58: Publishing activities	
581: Publishing of books, periodicals and other publishing activities	
5813: Publishing of newspapers, journals and periodicals	58131: Publishing of newspapers
	58132: Publishing of journals and periodicals
Division 59: Motion Picture, Video and Television Programme Production, Sound Recording and Music Publishing activities	
591: Motion picture, video and television programme activities	
5911: Motion picture, video and television programme production activities	59111: Production of motion picture
	59112: Video production
	59113: Production of television programmes or television commercials
5912: Motion picture, video and television programme post-production activities	59121: Post production activities of motion picture
	59122: Post production activities of television programmes or television commercials
	59123: Post production activities of video production
5913: Motion picture, video and television programme distribution activities	59131: Motion picture distribution
	59132: Distribution of video tapes, CD and DVDs
	59133: Distribution of television programme
5914: Motion picture projection activities	59141: Motion picture or video tape projection in cinemas, in the open air or in other projection facilities
	59142: Activities of cine-clubs
592: Sound recording and music publishing activities	
5920: This includes the activities of production of original (sound) master recordings, such as tapes, CD-s. This class also includes the activities of music publishing	59201: Activities of sound recording in studio or elsewhere
	59202: Activities of music publishing
Division 60: Programming and Broadcasting activities	
601: Radio Broadcasting	
6010: Radio Broadcasting	60100: Radio broadcasting
602: Television programming and broadcasting activities	
6020: Television programming and broadcasting activities	

Sources: National Industrial Classification 2008, KPMG in India analysis

Industry overview

Major sub-sectors and sub-segments

Media and Entertainment

Sub-sector	Sub-segments
Print	Content creators (Journalists, In-house editors), Printing (Copy-editing), Wholesalers, Retailers (Physical/Online)
Television	Content creators, Broadcasters, MSOs, LCOs, DTH players, Digital/Analogue cable companies
Films	Pre-production, Production, Post-production, Distribution (Pre-release strategizing), Exhibition
Radio	Content providers, Broadcasters (Government-owned/Private radio channels), Distributors
Music	Content creators, Production and editing companies, Distributors (Physical/Digital)
Animation , VFX & Gaming	Content developers, Pre production, Production, Post production, Marketing and distribution, Game programming and development

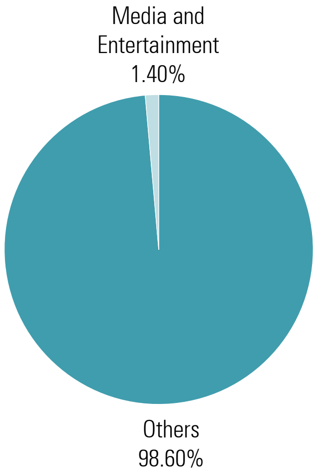
Sub-sector Growth Rates (Y-O-Y, 2013) and Market Size (2013)

Sub-sector	Growth rate	Market size
Television	12.7%	INR 417.2 billion
Print	8.5%	INR 243.1 billion
Films	11.5%	INR 125.3 billion
Music	-9.6%	INR 9.6 billion
Animation, VFX & Gaming	16.4%	INR 58.9 billion
Radio	15.0%	INR 14.6 billion

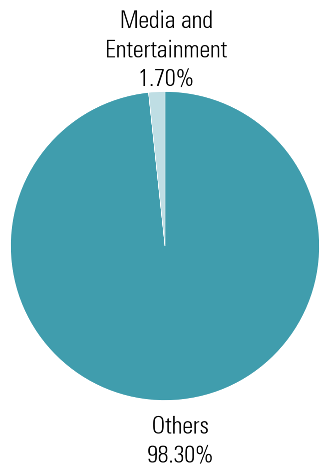
Sources: FICCI-KPMG report 2014

The M&E sector is expected to attract skilled professionals, thereby increasing its share in the overall employment pie

Contribution of media and entertainment sector to India's GDP (FY10)

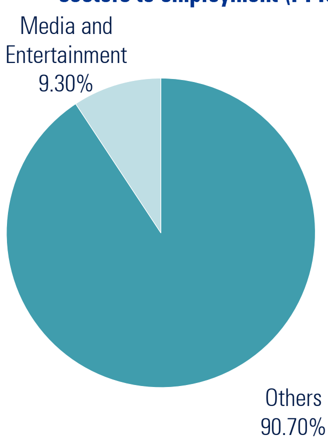


Contribution of media and entertainment sector to India's GDP (FY13)

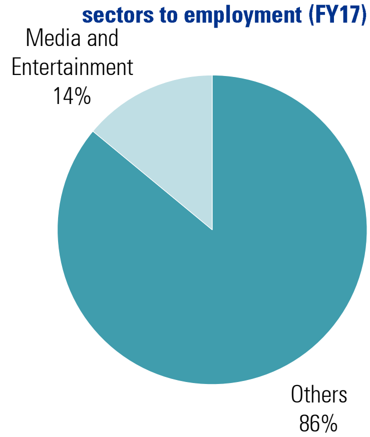


Source: GDP at Factor Cost at 2004-05 Constant/Current prices by Industry of Origin, Planning Commission, Government of India, accessed on 03 March 2014

Contribution of media and entertainment sectors to employment (FY13)



Contribution of media and entertainment sectors to employment (FY17)



Source: Report of the Working Group on Employment, Planning & Policy for the Twelfth Five Year Plan (2012-2017), accessed on 06 March 2014

- The Indian media and entertainment (M&E) sector is the 14th largest in the world and contributes about 1.7% to India's GDP
- The sector contributes ~9.3 percent to total employment in the country and this share is expected to reach ~14 percent by 2017
- Owing to the increased usage of new media and digitization of film and television, there is a huge demand for specialised workforce across various job roles
- While the demand for workforce is on the rise, the sector lacks trained professionals that possess relevant skill set for jobs within each sub-sector
- Both Government and private players are trying to plug this gap by launching specialized training institutes and colleges imparting the desired knowledge and skills to aspiring candidates

Sources: FICCI-KPMG report 2014; KPMG in India analysis

The Indian M&E sector has evolved over the years with digitization and corporatization paving way for its future growth

Evolution of Media and Entertainment sector

1900-91 (1st generation reforms)

- Radio broadcasting in India started in British India in 1923 with the Radio Club of Bombay
- All India Radio (AIR) was established in 1936 which is one of the largest radio networks in the world
- Television first came to India in the form of Doordarshan (DD) on Sept 15, 1959
- The Indian economy was closed until 1990, and no private player was allowed to enter the space
- In the 1990s, the Indian film industry was completely fragmented

1992-2001

- BBC launched its national service in 1995
- In 1999, the government decided to allow fully owned Indian companies to set up private FM stations on a licence fee basis
- In May 2000, as part of Phase I of radio broadcast licensing, the auction was conducted and 37 licenses were issued, out of which 21 are operational in 14 cities
- Evolution of multiplexes in India

2001-2003

- For a brief period which ended in around 2001-02, sales of music rights accounted for 20-30 percent of the cost of production for a major film
- Corporatization of the Indian film industry in 2001
- Viewership of sports channels went up significantly in 2003 primarily owing to the Cricket World Cup 2003
- Apple Computer's iTunes Music Store was launched in April 2003

2004-2010

- Strengthening of the C&S dominance
- Increasing reliance on subscription revenues
- Film financing from organised sources on a rise compared to being virtually nil a few years ago
- Digital distribution of films

2011-onwards

- 5 films crossed the INR 1 billion mark in 2011
- Viewership of online video on a rise
- T-Series launched its channel on YouTube which achieved a base of one million in less than two years and registered over 730 million video views
- Tier 2 and Tier 3 cities driving demand resulting in regionalization and localization of content
- This era saw the launch of HD content and significant rise in 3D films

Value chain – Media and Entertainment

Content Production	Content Aggregation	Content Distribution	Content Consumption
TV broadcasters, channels, radio stations, telcos, publishing houses, indie artists and music labels		Multi-service operators (cable, DTH operators), Telcos, wholesalers and retailers of physical formats of music, magazines and newspapers	Consumers using different devices and platforms – both physical and digital

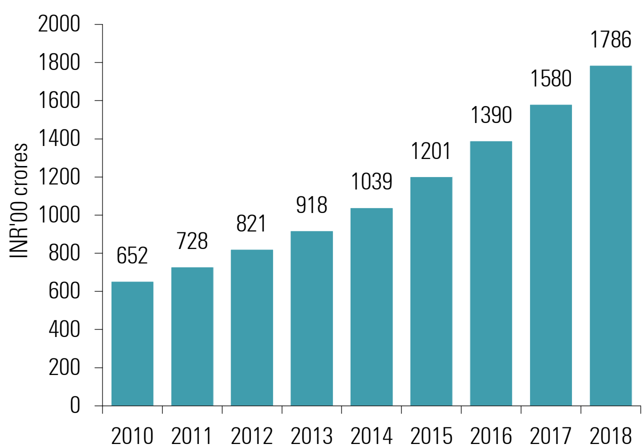
Sources: KPMG in India analysis

The M&E sector is expected to witness strong growth over the years with television being the most dominant segment

Overview of Media and Entertainment sector

- The Indian M&E industry comprises several sub-sectors, such as television, radio, print media (including newspapers and magazines), films, music, and animation and visual effects (VFX)
- The industry largely depends on advertising revenues, and the growth and performance of this sector plays a significant role in the upliftment of the overall economy
- The industry is not export-oriented, and most of its output is consumed indigenously. However, imports form a considerable portion of the industry and include imports of newsprints, set-top boxes and antennae.
- The industry is specific to cultural and ethnic backgrounds, and is organized around specific hubs that specialize in output for a given population segment. For example, the Mumbai film industry (Bollywood) is a key film hub in the country. A similar hub also exists in South India
- Easy access to the internet has dissolved boundaries between local and global content. Indian consumers now have easy access to global content
- Most sub-sectors of the M&E industry allow FDI in varying limits. The government is currently contemplating a proposal to increase the FDI cap to 49 percent in all M&E segments under the automatic route
- With increasing digitization of content and convergence of distribution platforms, technology is increasingly playing an important role across the M&E value chain

Media and Entertainment sector in India



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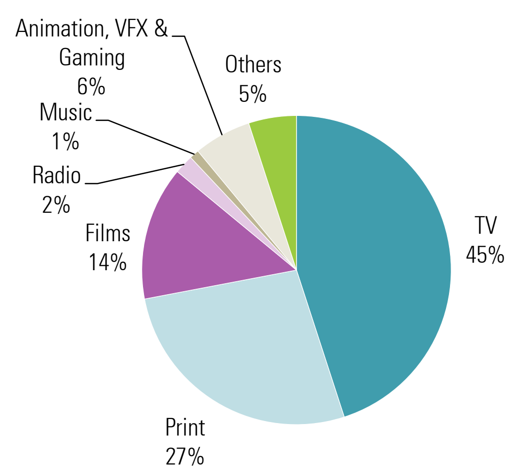


Sources: FICCI-KPMG report 2014

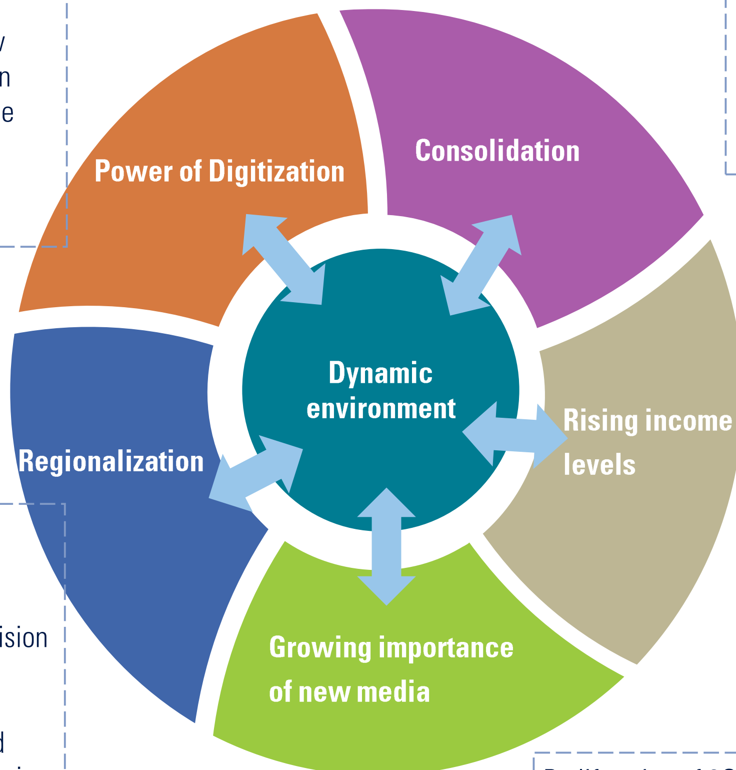
- The Indian M&E industry grew from INR 821 billion in 2012 to INR 918 billion in 2013, registering an overall growth of 12.7 percent; and is projected to grow at a healthy CAGR of 14.2 percent to reach INR 1,786 billion by 2018
- Television clearly continues to be the dominant segment, however we have seen strong growth posted by new media sectors, animation/ VFX and gaming segments

Sources: FICCI-KPMG report 2014, Media & Entertainment Skills Council February 2014 report

"Film" and "Animation, VFX & Gaming" constitute ~66 percent of the sector's workforce

Phase 1 and Phase 2 digitization in TV saw significant progress in implementation; while Phase 3 and 4 are expected to move on similar lines

The M&E industry players are entering M&A deals in order to expand their presence in regional or underpenetrated markets.



Rising income levels coupled with the availability of low cost smartphones has resulted in opening up of a new digital avenue for M&E players; thereby providing a boost to this sector

Regional channels accounted for approximately 26.6 percent of total television viewership in 2012

Digitization of TV and Phase 3 of radio licensing is expected to further boost the interest in key regional markets

Proliferation of 3G connections, advent of 4G technology, increasing affordability of smarter devices & growing internet penetration is driving digital consumption of content

Demographic and workforce characteristics

- The total current employment in the Media & Entertainment sector is estimated at ~0.46 million, and is projected to grow at a CAGR of 13 percent to reach 0.75 million by 2017.
- A break-up of the employment across the various sub-sectors is provided in the accompanying graphic.
- The Indian Media and Entertainment sector which is expected to grow at a CAGR of 14.2 percent to reach INR 1,786 billion by 2018 has a high demand for skilled professionals across each of its sub-sectors
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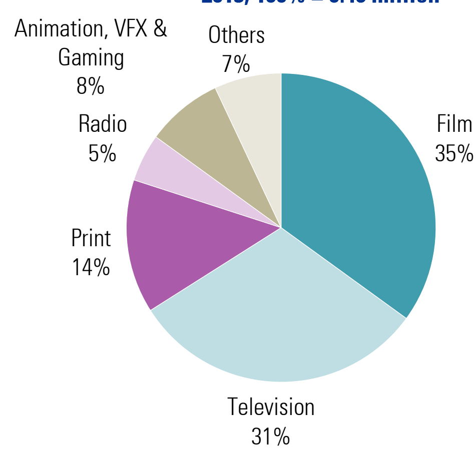
Media and Entertainment sector employment, 2013; 100% = 0.46 million



Sources: FICCI-KPMG report 2014, Media & Entertainment Skills Council February 2014 report

Future trends and existing issues trigger the need for skilled professionals within the industry

Digital consumption of content on a rise	▪ Over the years, with consumer media consumption patterns gradually shifting toward digital platform, digital media has become an important component of the M&E industry ▪ Consumers have gone beyond traditional TV sets, radio sets, newspapers and magazines for media and are increasingly using modern electronic devices. ▪ This has resulted in the increased demand for skilled professionals such as app developers, software testers, programmers etc
Monetization of digital media	▪ Although there has been a significant shift from traditional to digital media, monetization is still a problem ▪ Most players fail to capitalize on the power of digital platforms and replicate the same content (available on traditional platforms) without any innovation ▪ The industry is in the need of content curators, copy writers and bloggers who could pull the audience towards digital platforms and at the same time generate additional revenues for media companies
Ad revenues significantly contributing to the M&E revenue bucket	▪ Total advertising spend across the Indian M&E sector was INR 362.5 billion in 2013, with print and television sectors claiming nearly 82 percent of total revenue ▪ This heavy reliance on advertising has resulted in increased demand for workforce in media planning/buying, ad development and copy writing
Growing demand for Indian animation facilitated by outsourcing activities	▪ Historically, there has been low acceptance of animation by the mainstream audience in India. However, the demand for outsourcing has kept the talented few in the country engaged ▪ This spike in outsourcing activities has created demand for professionals such as character designers, key frame animators, 3D modellers, layout artists etc.
Gaps in availability of skilled M&E professionals	▪ With the growth in TV and Radio broadcast channels, skill intensive sectors of film like animation, gaming, VFX, the demand for qualified talent is only set to escalate ▪ At the same time, changes including digitisation, growth in multilingual markets, new technologies and convergence, require additional skill sets ▪ In the talent-driven media sector, companies could potentially differentiate themselves based on their ability to attract and retain the right people (for example, in the knowledge-intensive content development sector or RJ-dependent radio sector)

Sources: FICCI-KPMG report 2014, Media & Entertainment Skills Council February 2014 report, KPMG in India analysis

Policy initiatives by Government

Policies in Television and Broadcast	▪ **FDI cap:** In July 2013, to attract more foreign investments and reduce the current account deficit, the Department Of Industrial Policy And Promotion increased the FDI limits in the broadcasting sector to 49 percent from 26 percent through the automatic route ▪ **Amendments in service tax:** from 1 July 2012, Service tax is applicable on services of actors and technicians Foreign broadcasters without a presence in India are liable to pay service tax on subscription revenue and advertisement revenue earned for the services provided in India – this is case specific and might not be applicable in all cases Service tax will be applicable on transponder hire charges paid by broadcasters, depending on broadcasters' location - Taxability would be determined as per the terms of the contract and Place of Provision of Service Rules, 2012 and the transaction would not be liable to service tax in all the cases ▪ **Import duty on STBs:** Effective from 1 March 2013, the 'basic custom duty' rate (which is a component of import duty) on set-top boxes has been increased from 5 percent to 10 percent. The increase will have an impact on the cost of set-top boxes, which, in turn, will increase financial burden on DTH and cable companies during the course of the digitization process ▪ **Mandatory channels over digitized cable network:** In September 2013, the I&B ministry mandated cable operators to broadcast 21 Doordarshan and three other channels — Lok Sabha TV, Rajya Sabha TV and Gyan Darshan — to their subscribers in cities where digitization is over. It has also notified a list of nine TV channels that must be broadcast in areas that are yet to be digitized ▪ **Advertisement duration:** TRAI has introduced a cap of 12 minutes on advertisements allowed during an hour of programming
Policies in Radio and Music	▪ **Digitization of FM radio:** the Phase-3 roll out of radio licenses is being heralded as a harbinger of growth for this sector. Regulatory support is critical to ensure a seamless roll out of these licenses. The announced policy provides significant changes over the previous policy. There is a provision for broadcasters to operate more than one channel in the same location. ▪ **The Copyright (Amendment) Bill, 2012:** was passed in May 2012 to give ownership to lyricists and music composers for their works**.** Aimed at incorporating international and WIPO (World Intellectual Property Organization) norms into existing laws, the new act specifies that the authors (lyricists and composers etc..) of underlying works and assignees (publishers) are each entitled to equal shares of royalties received for the out film use. ▪ **Deductibility of cost of music rights:** The balance sheet treatment around acquisition costs of music rights has always been a controversial issue. Some industry experts treat this as a capital expenditure that can be amortized at the rate of 25 percent (annually on written down value basis) over a period of time. However, certain legal benches indicate that acquisition costs should be treated at par with revenue expenditure deductible in the first year itself. The Mumbai Tribunal, in the case of Tips Cassettes & Record, and the Calcutta Tribunal, in the case of the Gramophone Company of India held the view that payments for acquiring music rights are of the same nature as acquiring raw material and, hence, deductable as revenue expenditure. It would help the industry and avoid litigation if the government issues a circular/clarification confirming this position

Sources: FICCI-KPMG report 2014, KPMG in India analysis

Policy initiatives by Government

Policies in Films and Exhibition

- **Co-production treaties:** India has signed co-production treaties with several countries – Italy in 2005, Germany and Brazil in 2007, the UK in 2008, France in 2010, New Zealand in 2011, Poland and Spain in 2012 and Japan in 2013 – enabling filmmakers to leverage tax rebates and relaxed visa norms in those countries. India is also in talks with Australia, Canada, and China for co-production treaties
- **Service tax:**

  Effective from 1 July 2012, service tax is applicable on services of actors and technicians, which were earlier not liable to any service tax – Please note that there could be exceptions to this clause and there might have been situations where services provided by certain technicians were liable to service tax even prior to 1 July 2012

  According to the Finance Act 2013, service tax exemption was restricted to films exhibited in cinema halls or theatres only. Therefore, with effect from 1 April 2013, the licensing of copyright in cinematographic films (other than exhibition in cinema hall/theatres) is subject to service tax.
- **Ticket price control:** In India, many state governments regulate ticket the pricing of cinema halls. For example, in Tamil Nadu, single-screen theatres can charge maximum INR 50 per ticket and multiplexes can charge maximum INR 120 per ticket depending upon the facilities they provide .
- **Entertainment tax:** In some Indian states, entertainment tax is as high as 50 percent. This acts as a major impediment to the growth of the exhibition industry and has even given rise to several trade malpractices such as the under-reporting of theatre occupancy rates. Rationalization of taxes is the need of the hour for the film sector

Policies in Animation, VFX and Gaming

- **FDI cap:** the Government allows 100% FDI in animation, gaming and VFX sectors via the automatic route and in compliance with the Reserve Bank of India’s guidelines to promote and foster this industry in India
- **GAME city:** To increase India’s share in the global gaming and animation market, the government has planned to set up a GAME city in Andhra Pradesh, which will serve as the hub for gaming, animation, and M&E in the country. The Andhra Pradesh government plans to spend about INR 2,400 million on the first phase of the GAME (Game, Animation, Media and Entertainment) City, which is expected to be completed by the end of 2014. Industry experts believe that the development of the GAME city will eventually allow India to grab a larger portion of the world market, thereby boosting its share to 15 percent from the current one percent
- **KINFRA Film and Video Park (KFVP):** KINFRA, a statutory body of the Kerala Government, has invested in this park that is spread across 75 acres is the first SEZ for animation and gaming in India, established to promote the animation and gaming industry and studios. The park also facilitates the post-production of Malayalam films
- **AVGC Policy 2012:** In March 2012, Karnataka unveiled the Animation, Visual Effects, Gaming and Comics (AVGC) policy 2012. The aim of this policy is to make the state a favoured destination for the animation sector in addition to the IT and biotech sectors. As part of the policy, a separate venture capital fund has been created for the AVGC sector (worth INR 500 million), which will be funded by the state government and private venture capitalists, with the government's contribution being 26 percent

Sources: FICCI-KPMG report 2014, KPMG in India analysis

SWOT Analysis

Strengths	▪ Increasing investments towards credible media institutes, with quality faculty and relevant & dynamic curricula ▪ Increasing number of TV households ▪ Increasing consumption of niche, HD content ▪ VOD driving demand for films ▪ 3D movies on a rise ▪ Cable & Satellite (C&S) revenues on a rise ▪ Increasing demand for Animation/VFX work triggered by outsourcing activities and co-production alliances ▪ Digitalization and restoration of old Indian films for re-release ▪ Mobile internet users on a rise
Weaknesses	▪ Over dependence on advertising revenues ▪ Gaps in the availability of skilled M&E professionals ▪ Absence of content differentiation across traditional and digital platforms ▪ 12-minute advertising cap per hour of programming ▪ Limited government initiative in India versus benefits provided by overseas countries ▪ Lack of exhibition platforms for independent films ▪ Slow uptake of merchandising in India
Opportunities	▪ Phased digitization in progress ▪ Increasing literacy rates ▪ Rising income levels ▪ Young population, triggering a shift towards digital platforms and content ▪ Favourable state-owned policies and liberal FDI reforms. ▪ Owing to TRAI's 12-minute ad cap, advertisers are shifting to the online medium ▪ 4G roll-out expected by 2015 end
Threats	▪ Widespread piracy impacting sector earnings ▪ Rising inflation, eroding purchasing power ▪ High interest rates, curbing consumption ▪ Delay in the digitization process ▪ Low 3G adoption owing to patchy connectivity and inconsistent coverage

Sources: KPMG in India analysis

Sub-sectoral overview

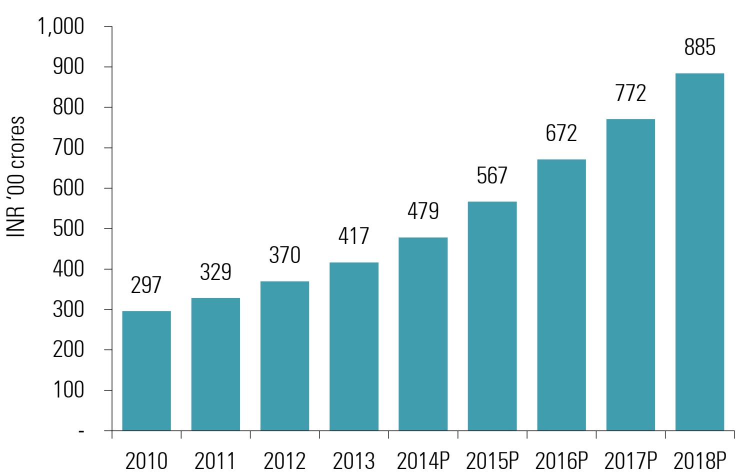
Sub-sectoral overview -Television

Television is the most dominant sector contributing over 40 percent to the total market size

Key facts

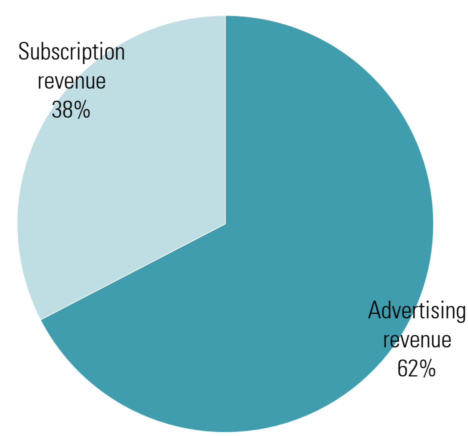
- Television is the dominant sector in the M&E industry, contributing to more than 40 percent of the total market size. Approximately 145 million television sets were sold in India in 2012
- Currently, there are more than 800 channels in different categories in the country
- The Indian audience has access to a variety of programs, both domestic and international. General Entertainment Channels (GECs) are the key drivers of television viewership, accounting for 65–75 percent of Hindi and regional markets
- News channels also have high viewership — according to the Ministry of Information & Broadcasting, as of March 2013, there were 410 news and current affairs channels and 438 entertainment channels
- Three mediums currently provide TV viewing services in India: analogue cable services, digital cable services and digital direct-to-home (DTH) services. Analogue cable services have been in India for more than two decades
- DAS (Digital Access System) digitization has been implemented across the four metros and is now moving towards the next 38 cities (Tier-2 and Tier-3 cities)

Market size of television industry in India from 2010-2018



Sources: FICCI-KPMG report 2014

Share of subscription and advertising revenues in television in 2013



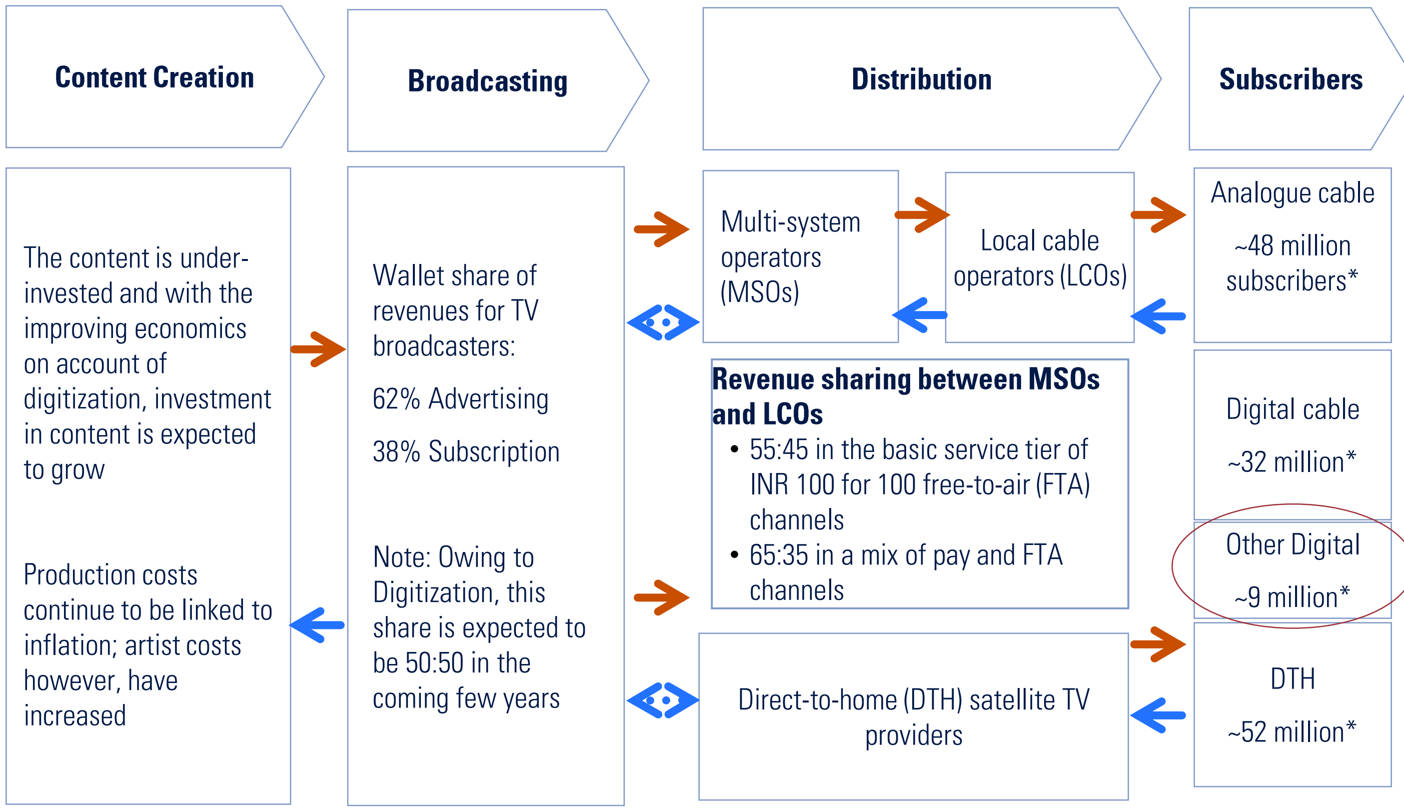
Sources: FICCI-KPMG report 2014

- The television segment in India grew from INR 370 billion in 2012 to INR 417 billion in 2013, registering a Y-O-Y growth of 12.7 percent
- This segment is expected to grow at a CAGR of 16% over 2013-18, to reach INR 885 billion by 2018
- Aided by digitisation and the consequent increase in Average Revenue Per User (ARPU), the share of subscription revenue to the total industry revenue is expected to increase from 67% in 2013 to 71% in 2018
- The number of TV households in India increased to 161 million in 2013, implying a TV penetration of 60%. The number of C&S subscribers increased by 9 million in 2013, to reach 139 million

Sources: FICCI-KPMG report 2014, KPMG in India analysis

Television (Value Chain)

Value chain for the television sub-sector



Includes media consumption via other digital platforms such online, mobile, tablet, gaming platforms etc.

Flow of content

Flow of revenue

Broadcasters pay MSOs and DTH players carriage and placement fees; while MSOs and DTH players pay broadcasters a portion of their monthly subscription revenues

- DTH players buy content from broadcasters and supply directly to end users. However, under DAS, MSOs de-encrypt broadcasters' signals and pass them on to LCOs, who act as local retailers offering last mile connectivity through STBs
- The advent of DAS allows improved transparency and prevents revenue leakages; thereby controlling this issues of under-reporting of subscriber numbers. Broadcasters and MSOs will be able to claim their fair share of revenues by offering value added services such as HD channels and bundled broadband services to their consumers
- The distribution landscape comprises of ~6,000 MSOs; with 10 large MSOs (such as Hathway, Siti Cable, Den, Digicable and IMCL) reaching out to 95 million consumers, seven DTH players (Dish TV, Tata Sky, Sun Direct, Airtel Digital, Videocon D2H and Reliance Big TV) catering to ~55 million users and ~60,000 LCOs

Sources: KPMG in India analysis

Favorable FDI norms coupled with phased digitization have provided a boost to this sector

Key trends	**Digitization:** The Indian TV market is being digitized in phases. The first phase ended on 31 December 2012 with the four major metros switching to set-top boxes (STBs). In the second phase, which ended in March 2013, 38 cities in 15 states migrated to STBs. The third phase is under implementation and is expected to witness the migration of all urban areas of India to STBs by 30 September 2014. **Regionalization:** Regional markets have emerged as a key revenue driver for national broadcasters. In 2013, regional channels accounted for approximately 23.1 percent of the total television viewership, of which Tamil and Telugu markets accounted for ~50 percent. **Proliferation of digital platforms:** Television players are moving beyond traditional platforms and increasing their presence on digital platforms in a bid to make TV viewing ubiquitous. This is in response to the changing content consumption pattern of Indian viewers, especially the youth.
Opportunities	**Slow but increasing number of TV households:** The number of television sets per household witnessed a gradual growth driven by the emergence of LCD and LED TVs. **Increasing consumption of niche, HD content:** After a relatively slow start in the initial 2–3 years, the adoption of HD connections witnessed an upswing in 2012. HD subscribers account for approximately 3.5 - 4 percent of existing DTH subscribers. However, the percentage of new DTH subscribers opting for HD packages has doubled — from 7 - 8 percent last year to approximately 15 percent during 2012. **Relaxed FDI norms:** The TRAI has recommended raising the FDI limit for broadcast carriage services (including DTH, HITS, IPTV, mobile TV, teleports, cable networks and MSOs) to 100 percent and for the up-linking of 'news and current affairs' TV channels to 49 percent . Relaxed FDI norms would attract more investment from foreign players in the Indian television space, increasing the number of channels and improving content quality.
Challenges	**Delay in digitization:** Although the deadline of the second phase of digitization expired in March 2013, the I&B ministry said in a statement in April 2013 that 13.6 million STBs have been installed by the MSOs and DTH operators — against the targeted 16 million STBs in this phase. While 15 cities have achieved nearly 100 percent digitization, 24 cities in all have achieved more than 75 percent and 34 cities have achieved more than 50 percent digitization. **Ad caps:** Recently, TRAI agreed to implement a 12-minute advertising cap per hour of programming, which will be implemented in a phased manner starting May 2013. This may adversely impact the supply of ad-inventory with various broadcasters and eventually increase ad rates. **Fragmented device and platforms**: With the advent of gizmos (such as smartphones, tablets, internet-enabled televisions and gaming consoles), introduction of affordable data plans and the emergence of online streaming websites, viewers now have multiple video viewing options to choose from for niche content.

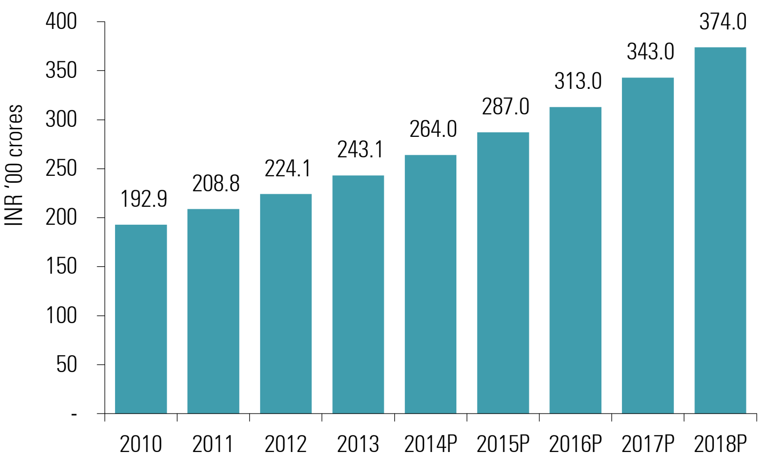
Sources: FICCI-KPMG report 2014, Media & Entertainment Skills Council February 2014 report

Unlike earlier, vernacular markets form a significant portion of the print industry

Key Facts

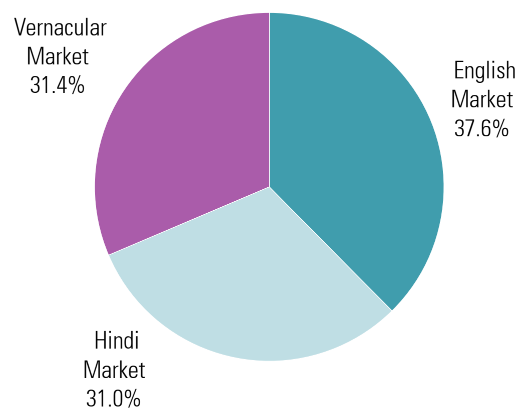
- Print media in India has played a pivotal role in the birth and growth of the nation. The first newspaper published in India was the Bengal Gazette and it was started by James Augustus Hickey in 1780
- India the second-largest newspaper market in the world after China. However, the average newspaper penetration in India is low at 14-15 percent. While the penetration exceeds 70 percent in cities, in sub-urban areas and villages it is as low as 5 percent
- Advertising is a prime contributor (67 percent in 2013) to the total revenue earned by the print sector. Some of the big spending sectors such as FMCG, retail and real estate have increased their media spend on print this year
- The growth of the overall print industry is largely driven by Hindi and the vernacular print markets due to low media penetration, high population growth and rising income and literacy levels

Market size of print industry in India from 2010-2018



Sources: FICCI-KPMG report 2014

Break-up of print industry on the basis of language (2013)



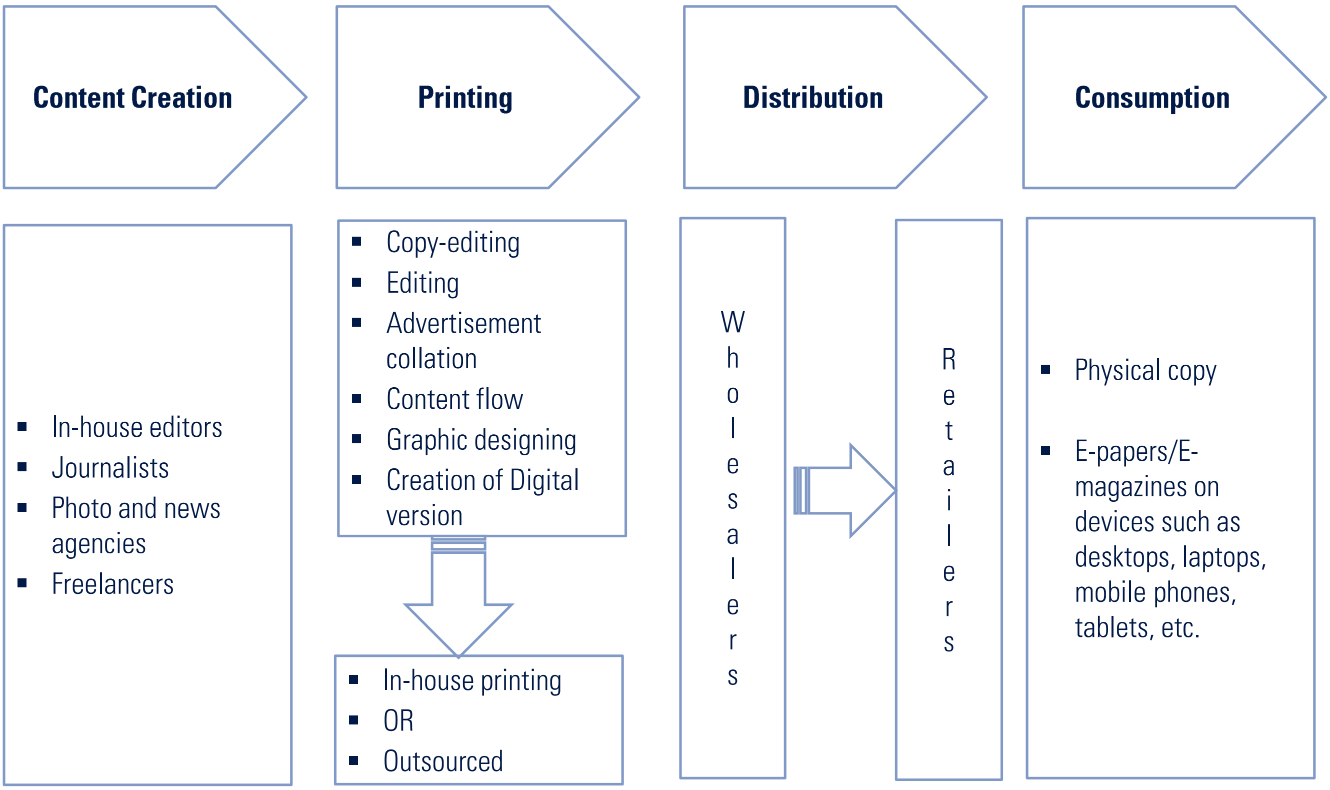
Sources: FICCI-KPMG report 2014

- The print segment in India grew from INR 224.1billion in 2012 to INR 243.1 billion in 2013, registering a Y-O-Y growth of 8.5 percent
- The industry is expected to grow at a CAGR of 9 percent over 2013-18, to reach INR 374 billion in 2018 on the back of future demand in the regional market and growth in print media’s advertising revenues and the faith shown by advertisers in this medium
- The print industry derives most of its revenues from the newspaper category. The magazine industry is expected to decline industry over the next five years and will constitute 3.6 percent of the total print industry

Sources: FICCI-KPMG report 2014, KPMG in India analysis

Value Chain

Value chain for the print sub-sector



- The Indian print industry has some well-known publishing houses such as the ABP Group, the Times Group, HT Media, Outlook Publishing, Delhi Press, Living Media, Indian Express, VJM Media Group, EFY Group, Magna Publications and Manorama Group. In the printing segment, some of the key players include Repro India, Orient Press, Infomedia Press and DIC India
- To differentiate themselves from competitors, newspapers need to consistently innovate on design, info-graphics, supplements, features and other approaches
- Distribution is a key part of the print value chain – especially for newspapers in India. Door-step delivery is the main distribution medium (over 98% of all Indian newspapers are home-delivered) and the scale of operations is significant — over 300,000 vendors and beat boys deliver approximately 45 million copies of newspapers every morning in over 5,000 cities and towns. However, for magazines, distribution typically comprises cash-sale counters and delivery by mail
- Although monetization is still an issue in digital platforms for print, almost all newspaper and magazine publishers have launched electronic versions of their key publications. Digital migration allows publishers to maintain a stronger interaction with evolved readers across platforms, however physical platforms are still a major source of revenues

Sources: KPMG in India analysis

Talent hiring and retention seems to be one of the key issues encountered by the print industry

Key trends	**Demand for regional publications:** The combined share of Hindi and vernacular dailies has increased from 53 percent in 2008 to 62 percent in 2013. The industry expects this trend to continue largely due to growth in volume driven by the launch of new local editions and gradual improvement in advertisement rates in these markets. **Expanding advertiser base:** Print media is witnessing increasing ad spend from other sources such as films and television. For example, the Star Plus show 'Mahabharata' printed a six-page ad in the Times of India in September 2013. Brand activation is another advertising trend, where print players are offering integrated solutions to media planners. **Operational efficiency:** The print industry has adopted a pragmatic approach with most players now consolidating their position in core markets and strengthening their stronghold by launching new editions rather than entering newer territories. The industry has also made efforts to protect the bottom line by effectively managing operating costs.
Opportunities	**Print to gain at television's expense:** With the 10+2 ad cap development in the broadcasting sector, the loss of inventory in broadcasting is expected to be captured by print, as some advertisers analyse the impact to their media budgets based on an increase in rates by leading broadcasters. **Possible increase in FDI ceiling:** The Indian Newspaper Society has made a pitch to increase the FDI limit in print media from 26 to 49 percent stating that print companies need inflow of funds to expand and grow. **Increasing digital uptake:** According to a 2012 survey, 20 million of the estimated 48 million mobile internet users have shifted 50 percent of their newspaper and TV time to mobile phones for entertainment, news and sports content .
Challenges	**Hiring and retaining talent:** Lack of talent remains a challenge for all media segments, especially for the print industry. While there are many journalism schools in India, quality remains a challenge. Industry discussions indicate that print journalism is not among the preferred career option for a large number of students even today. **Readership measurement:** With the Indian Newspaper Society (INS), rejecting the Indian Readership Survey (IRS) 2013 , readership measurement has become a key challenge for print industry. In the absence of a credible measurement parameter and given the lack of clarity, advertisers and media owners face huge challenges in media planning and spending. **Depreciating rupee:** Weakening rupee-dollar exchange rate coupled with increasing newsprint prices has taken a toll on the print industry. Nearly 48 percent of the newsprint used by Indian publishers is imported and the weakening rupee has significantly increased the newsprint costs for the print companies.

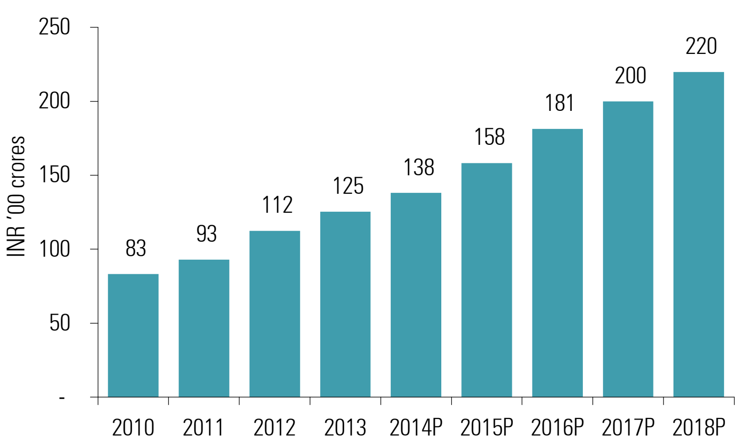
Sources: FICCI-KPMG report 2014, Media & Entertainment Skills Council February 2014 report

Indian film industry, primarily dominated by domestic theatricals, is the second largest across the globe

Key facts

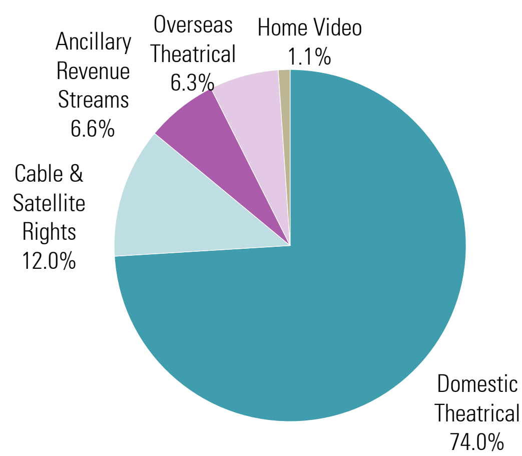
- The Indian film industry is the second largest in the world in terms of film production and theatrical admissions
- In October 2000, the government finally awarded the industry status to the Indian film industry, making it eligible to receive loans and insurance from banks and financial institution. Consequently, several financing models such as venture capitalist funding, crowd-funding and co-production funding have emerged in the past decade
- Apart from box office, filmmakers now also rely on alternative sources of revenue such as overseas film revenue, cable and satellite rights, audio rights (both physical and digital), home video rights, dubbing and remake rights, product placement and merchandising rights
- The growth of the multiplex industry coupled with cheaper and more secure digitized film prints have driven the Indian film industry's revenue in recent times. Technological advancements have enabled filmmakers to release a movie across more than 4,000 screens simultaneously
- Today 80-100 percent of films are distributed digitally vis a vis 50 percent physical prints in 2010. The industry has achieved 90-95 percent digitization of screens
- In 2013, the industry added approximately 150-200 screens with major growth coming from expansion of multiplexes in tier II and III cities. Also, occupancy levels for multiplexes have risen from approximately 23-27 percent in 2011 to more than 30 percent in 2013

Market size of the Indian film industry from 2010-2018



Sources: FICCI-KPMG report 2014

Break-up of film industry revenues (2013)



Sources: FICCI-KPMG report 2014

- The film segment in India grew from INR 112 billion in 2012 to INR 125 billion in 2013, registering a Y-O-Y growth of 11.5 percent
- Domestic theatricals continue to remain the main source of revenue for the industry contributing approximately 74 percent to the INR 122.4 billion film industry
- Factors such as rapid urbanization, penetration of multiplex in tier II and III cities, increasing sophistication in production and marketing of films and audience's receptivity to differentiated content are together expected to help the industry sustain its growth over the next few years and be worth INR 220 billion by 2018

Sources: FICCI-KPMG report 2014, KPMG in India analysis

Value Chain

Value chain for the films sub-sector

Key activities involved

Production	Distribution	Exhibition
Pre-production ▪ Writing and/or adaption script ▪ Preparing budget ▪ Deciding location ▪ Casting **Production** ▪ Production design ▪ Photography ▪ Music and sound **Post-production** ▪ Editing ▪ Visual and sound effects ▪ Dubbing ▪ Copying; recording in various formats	**Film valuation and negotiations with producers** ▪ Assessment of value of the film ▪ Negotiating and finalizing the price and territories with the producer **Pre-release strategizing** ▪ Finalizing the marketing strategy ▪ Entering into arrangements with exhibitors ▪ Creating pre-release hype ▪ Marketing activity during the week of release ▪ Post-release publicity	**Release strategizing** ▪ Deciding upon appropriate release time slots and screens to maximize revenue potential *Note: Apart from these core activities, exhibitors need to tie up with advertisers, food and beverage providers to provide its customers with quality film experience*

- Indian production companies are competing with family-run banners and shifting from producing star-driven films to content-oriented films with new talent. Despite a considerable increase of over 15-30 percent in production costs in 2013, the box office has registered strong hold
- The industry has gradually moved away from physical prints and it is now distributing digital prints of films, which broadens reach and facilitates the release of a film in multiple theatres across the country
- Industry stakeholders have realized the significance of pre-release marketing, which can be linked to the success of a movie in its opening weekend
- Box office revenues are the primary source of film industry revenues but India still suffers from a severe under-penetration of theatre screens – it has just eight screens per million people
- Corporate houses such as UTV Motion Pictures, Tips, Viacom 18 Media, Fox Star Studios, Eros International, Yash Raj Films, Reliance Entertainment and Wide Frame Pictures dominate Bollywood. A majority of these players, upon realizing the potential of regional markets, have either entered or announced their plans to foray into regional markets
- Production companies are also foraying into the distribution business. For example, Yash Raj Films, Sun Pictures, Eros Entertainment, Mukta Arts and Reliance Mediaworks are some of the prominent players in the distribution business

Sources: KPMG in India analysis

The Indian film industry suffers from under-penetration of screens and has a workforce primarily dominated by freelancers

Key trends	**Digitization of screens:** Digitization of screens is helping distributors broaden their reach and release film across more than 3,500 screens simultaneously (earlier, they could release a movie on only a few hundred screens). Consequently, most films now garner about 60-80 percent of their revenue in the first week of release. **Corporatization :** After receiving a formal industry status in 2000, the film industry has witnessed the emergence of structured financing models such as venture capital funding, crowd-funding, co-production between studios and actors, co-production treaties between nations and co-production deals between Indian and Hollywood studios. **Marketing and promotional activities:** Film marketers are now using new marketing tools on social media, portals and search engines. Marketing cost, which was almost non-existent until a decade ago, now accounts for a substantial share of movie budget. Merchandising has also become an integral part of the pre-release marketing strategy for any movie.
Opportunities	**Expansion in tier 2 and 3 markets:** Real estate developers have shifted their focus to tier 2 and 3 markets given the rapid urbanization, low cost of real estate, availability of land, low advertising costs, improving standards of living and growing spending power in these markets. **Video-on-demand:** VOD is expected to soon replace DVDs as an online content delivery network portal for audio video streaming services. Telecom providers such as Airtel have already launched VOD services at prices as low as INR 1. Apple is also offering movie rentals and sales through iTunes and Google has launched its movie rental and purchase service platform called Google Play Movies where movie rentals start at INR 50. **Emergence of 3D movies:** 3D movies are helping the industry to attract audiences into theatres. If a movie is released in 2D as well as 3D prints, box office collections usually favour 3D movies with a ratio of 6:4.
Challenges	**Piracy:** Piracy is one of the major concerns of the film industry due to substantial loss of revenue (estimated to be around 55 percent). According to Motion Pictures Distribution Association (MPDA), the local office of the Hollywood's Motion Picture Association (MPA), India is the fourth largest downloader of films after the US, Great Britain and Canada. **Under-penetration of screens**: Despite producing the maximum number of movies, the Indian film industry lacks film exhibition venues. India has just eight screens per million people as compared to USA that has 117 screens per million people. **Workforce dominated by freelancers:** Across India, approximately 25 percent of the total people employed in the M&E sector work with the film sector. A majority of them are contract workers/freelancers as opposed to full-time employees . On the contrary, in 2010, only 5 percent of the total media and entertainment workforce in the UK was employed with the film sector with 25 percent freelancers.

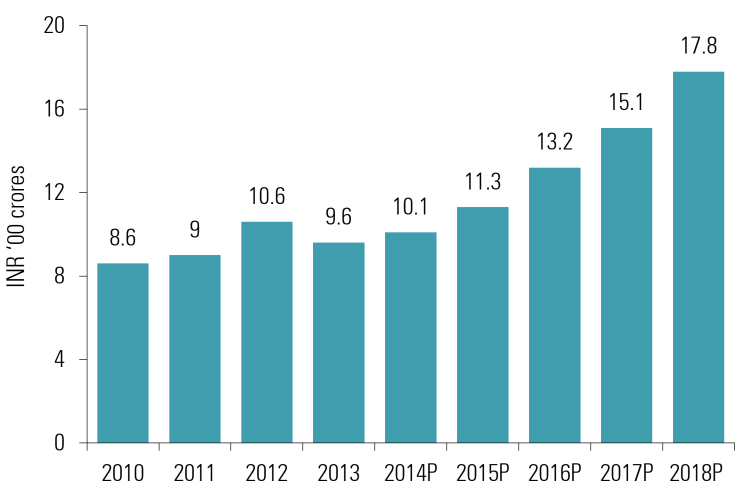
Sources: FICCI-KPMG report 2014, Media & Entertainment Skills Council February 2014 report

Digital contributes over 50 percent of the revenues for the music industry

Key facts

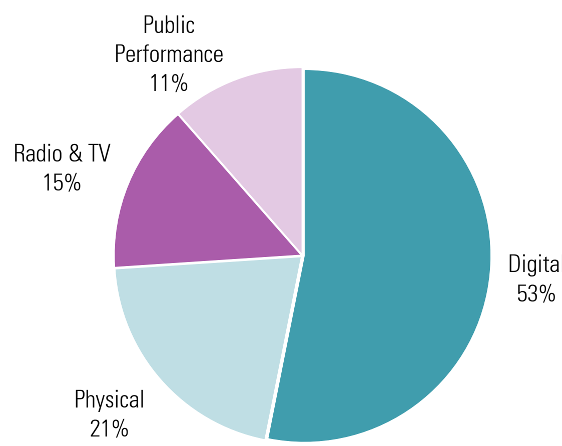
- The Indian music industry is dominated by the Bollywood music genre despite several roadblocks such as digital piracy, rise of digital video sharing platforms such as YouTube and declining revenues from CRBT (Caller Ring Back Tones)
- The industry has more recently seen growth in the monetization of other genres as well – Devotional music and Independent artists are expected to drive future growth
- Regional music comprises of approximately 30-35 percent of the overall music pie with Tamil, Telugu, Punjabi, Bengali and Bhojpuri emerging as key regional music markets in India
- Social media is also helping in foster music consumption and helps independent artists to reach out to audience and monetize their content
- The proliferation of mobile telephony services and increased uptake of smartphones has boosted the market for products such as ringtones, caller tunes, downloads and mobile radio streaming services

Market size of the Indian music industry from 2010-2018



Sources: FICCI-KPMG report 2014

Break-up of the music industry (2013)



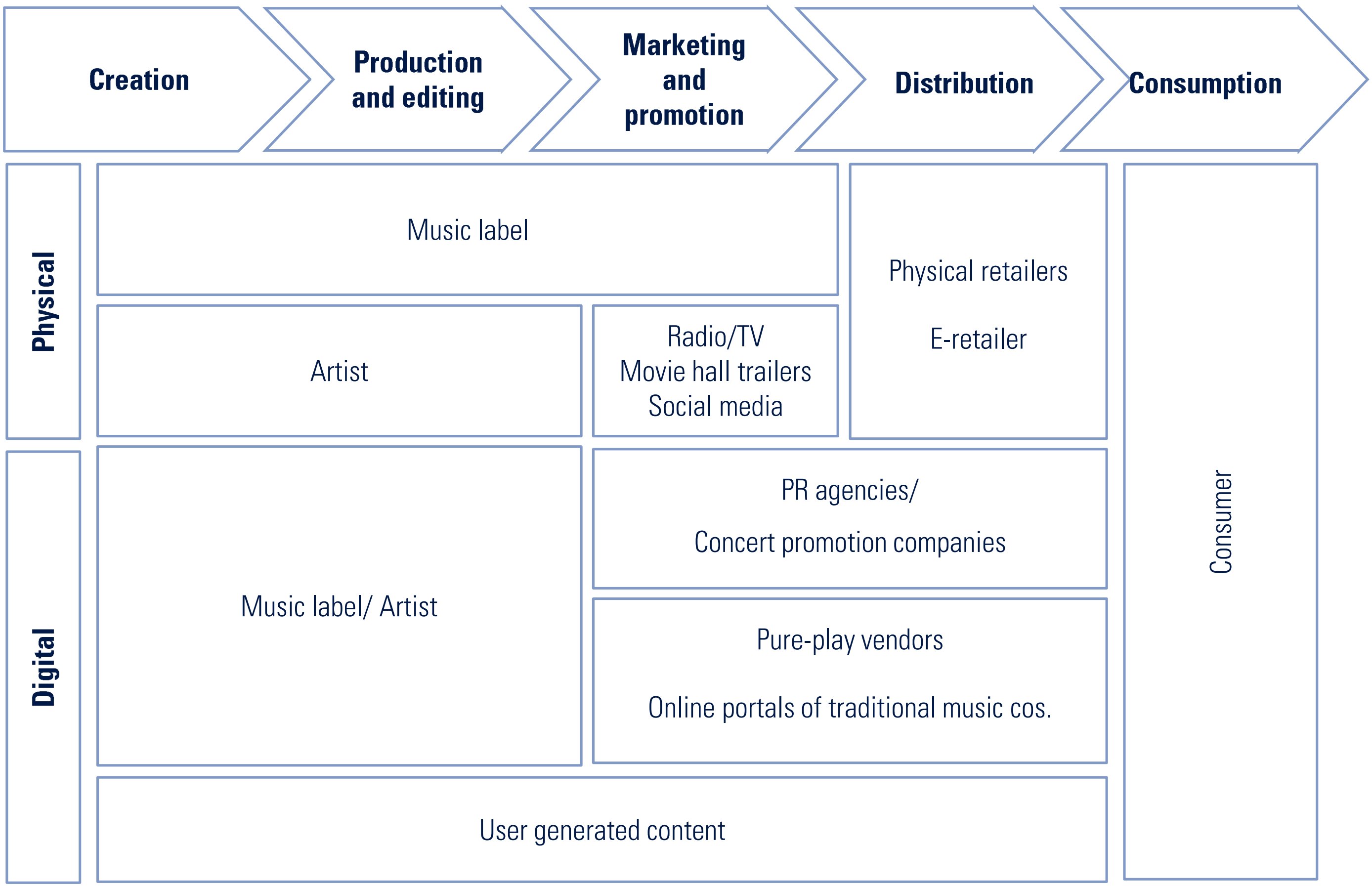
Sources: FICCI-KPMG report 2014

- The overall size of the music industry in 2013 declined for the first time in many years, by 9.6 percent to reach INR 9.6 billion from INR 10.6 billion in 2013
- However, the outlook for the industry is positive and is expected to grow at a CAGR of 13.2 percent over 2013-18 to reach INR 17.8 billion in 2018
- Digital revenues, which already contribute 53 percent of the industry, are expected to contribute close to 62 percent by 2018

Sources: FICCI-KPMG report 2014

Value Chain

Value chain for the music sub-sector



- For physical music segment, in general, the music labels such as Saregama, Tips, Sony Music take responsibility for creation, production, editing, marketing and distribution of content to the consumer
- For an artist, the creation, production and editing is managed by the artist and channels such as radio, theaters and social media are used for promotion of music
- Distribution in physical segment takes place through physical retailers such as Planet M and e-tailers such as iTunes India
- For digital music, the content is created, produced and edited by the music label or the artist and marketed and distributed through third party PR agencies, vendors, online portals or music companies
- In digital music, user generated content is also gaining popularity where independent artists can create their content through various music software and share it through social media platforms such as Facebook
- Various music streaming sites such as Ganna and Saavn having freemium models are also gaining popularity among artists and consumers as a legal platform for listening to music

Sources: KPMG in India analysis

The music industry has witnessed an increase in the consumption of independent music primarily via digital channels

Key trends	**Rise in online music stores:** According to estimates from IFPI, there was a 44 percent growth in 2012 resulting in 20 million paying subscribers globally. In India, streaming services such as Gaana, Hungama, Saavn, Raaga, have all seen a significant growth in traffic in 2013 which has helped the industry in curbing piracy to a certain extent **Social media enabling digital engagement:** Besides providing extended choices to consumers, social media acts as a platform for several independent artists to reach out to audiences and monetize their content. **Growing consumption of independent music:** Indian editions of international music festivals as well as indigenous festivals have been witnessing high ticket sales as well as generating additional revenues through merchandise and food and beverage sales. Industry participants believe that independent artistes will constitute 1-2 percent of industry revenues in the next two years
Opportunities	**Advertiser interest in regional market:** Growing advertiser interest in regional markets has led to music channels considering further expansion in regional markets. The localization of music is also likely to generate incremental ad revenues for music industry players. **Discovery of new talent:** With the rising acquisition costs of films, music labels are increasingly looking at non-film avenues and are hence investing more in discovering independent talent. With growth in avenues for monetizing talent across live events and digital streams, the time may be ripe again for investments in talent across production, video and gig support, promotion and marketing. **Collaborations:** The future of the sector lies to a large extent in how players across the value chain, collaborate within and outside the industry to design, build and offer products and services to the consumer.
Challenges	**Piracy:** Piracy is one of the major concerns of the music industry. Piracy and copyright infringement results in huge losses for the music industry. **Decrease in revenue from CRBTs:** The TRAI directive to service providers on obtaining a confirmation from consumers for activation and renewal of value-added services has severely impacted the industry's digital revenues from CRBTs. The industry witnessed a 40-50 percent decrease in CRBT revenues and a similar decline in mobile radio, video streaming and other offerings in 2011. **Physical music losing sheen to digital:** Growth in digital music has adversely impacted the relevance of traditional production houses, which rely on digital music for 30 percent of their revenues. For instance, Planet M's entertainment portfolio now constitutes only 20 percent of its total sales and the company expects this to shrink further to 10 percent.

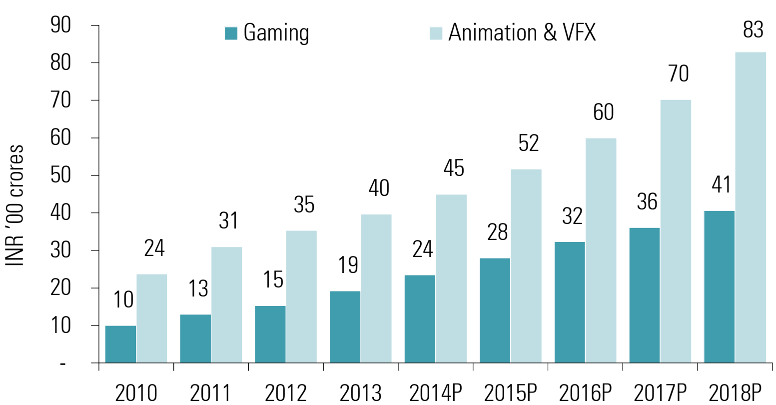
Sources: FICCI-KPMG report 2014, Media & Entertainment Skills Council February 2014 report

Work outsourced from foreign production houses constitutes ~60 percent to the industry's revenues

Key Facts

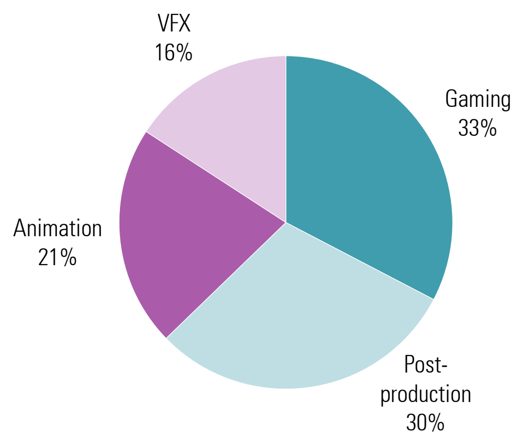
- Animation, VFX and Gaming – although very different activities in the content production value chain – are considered together due to their similarity in terms of demand, supply and skill requirements
- 2013 saw glimpses of what the Indian animation and VFX industry has sought to achieve - release of the most expensive Indian animated movie Mahabharat costing around INR 500 million which also saw the highest opening day collection for an animated movie in India
- The gaming industry consists of ~170 companies producing gaming products and providing services for the following platforms – online, mobile, PC, console
- Animation services companies (work outsourced to India) take up low-end production and post-production and these companies make up for ~60 percent of the industry's revenues. The other part of the industry is locally created animation movies and animation in commercials (animation production)
- Animation, visual effects, gaming and comics (AVGC) as an industry has the potential to provide great career options to the traditionally artistic Indian talents. Professional courses in animation are designed and promoted by the universities in its correct form

Market size of the animation, VFX and gaming industry from 2010-2018



Sources: FICCI-KPMG report 2014

Break-up of the animation, VFX and gaming industry (2013)



Sources: FICCI-KPMG report 2014

- The overall size of the animation and VFX industry in 2013 registered a Y-O-Y growth of 12.5 percent reaching INR 40 billion as compared to INR 35 billion in 2012
- Gaming industry had an encouraging 25.5 percent Y-O-Y growth in 2013 to reach INR 19 billion on the back of increased usage of 3G internet on mobiles and increase in the demand for gaming apps on various mobile and tablet platforms such as Android, iOS and Windows
- The animation and VFX industry is expected to reach INR 83 billion in 2018 and grow at a CAGR of 15.9 percent over 2013-18. Whereas, the Gaming segment is expected to reach INR 41 billion in 2018, growing at a CAGR of 16.2 percent over the same period

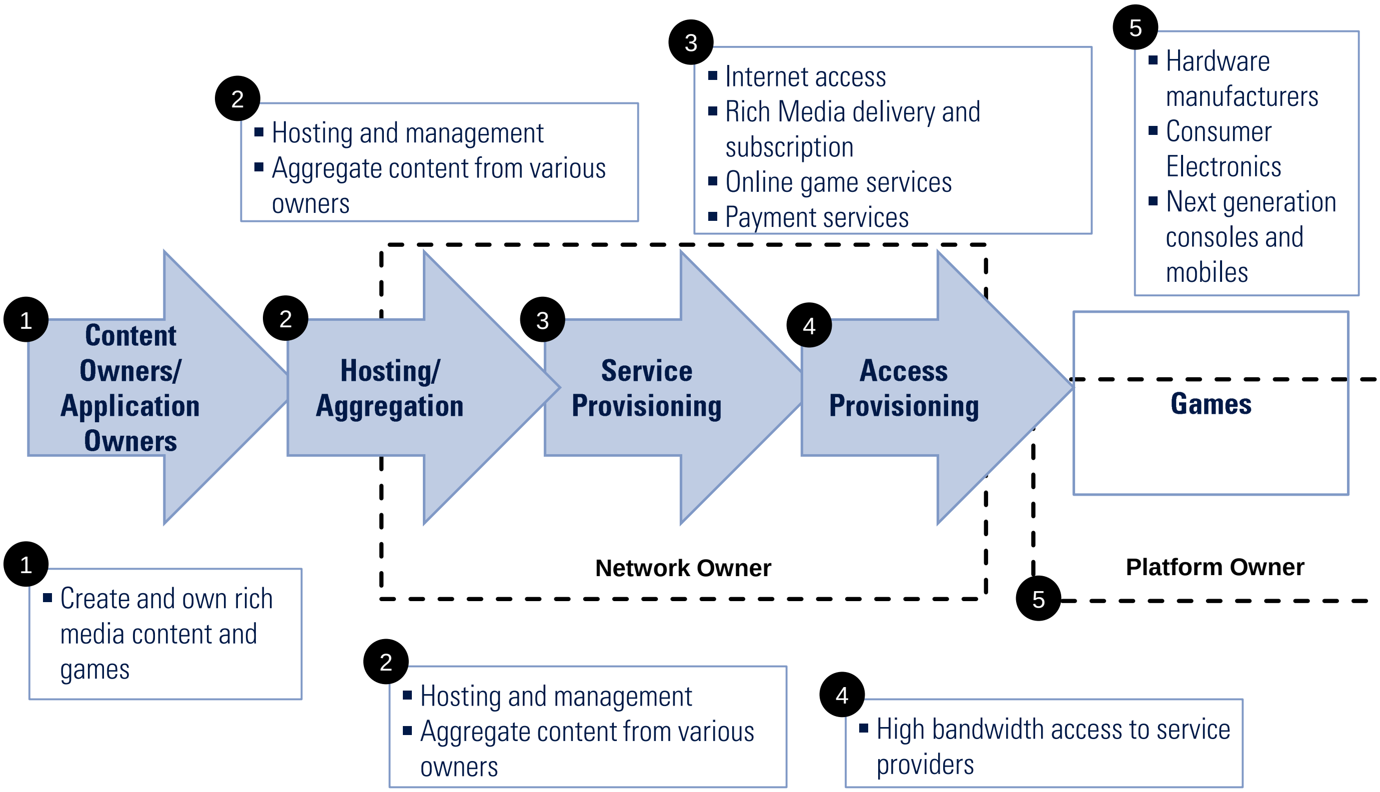
Sources: FICCI-KPMG report 2014, KPMG in India analysis

Value Chain

Value chain for the Animation and VFX sub-sector

Content Development	Pre Production	Production	Post Production	Marketing, Distribution and Exhibition
▪ IP generation ▪ Project planning and execution	▪ Scripting ▪ Designing ▪ Storyboarding	▪ Character development ▪ Paint and background ▪ Visual effects	▪ Sound recording and effects ▪ Editing ▪ Testing	▪ Promotion ▪ Distribution ▪ Screening

Value chain for the Gaming sub-sector



Sources: KPMG in India analysis

Sub-sectoral overview -Animation, VFX and Gaming

Owing to a rise in the outsourced work to India, this sector exhibits a huge demand for skilled and trained workforce

Key trends	**Intellectual Property rising:** Local IP creation has picked up momentum in the industry, thanks to a few success stories like the 'Chhota Bheem' series. Growth in original local animation content is expected to get a further boost from Indian comics players who are looking to monetize their content libraries by creating market presence in TV programs. **Demand for skilled workforce:** There is a significant demand for highly skilled and trained workforce that merges technical and artistic capabilities in the field of animation, VFX and gaming. Not only are there animation jobs available in the motion picture industry, there are several other fields that they are valued in as well – cartoon production, websites and video game manufacturers all use animation artists. **TV channels driving demand**: In addition to existing channels such as Disney, Nickelodeon and Cartoon Network, which are continually expanding their presence and reach, there have been new launches such as that of Sun Group's regional language kids channel Kochu TV in late 2011.
Opportunities	**Increased partnerships and collaborations:** Owing to a rise in demand and lack of in-house expertise to deliver animated content, Indian studios are collaborating with foreign studios to create their own intellectual property instead of focusing on outsourced work. Also, VFX studios in India are becoming popular partners of studios in Europe, Japan and North America. **Licensing and merchandising:** Many popular animated characters are now entering Indian homes in the form of innovative merchandize. Also, there are a number of games being developed by studios on various platforms to popularise characters and monetize through in-app purchases. **Gaming on non-PC platforms:** Gaming companies are collaborating with DTH companies such as Tata Sky, Reliance BIG TV etc.. to provide games as a part of their value added service packs. With mandatory digitization and the growth of digital cable services, this opportunity is expected to grow even further.
Challenges	**Lack of government initiative:** Though the government announced the new Gaming, Animation, Media and Entertainment policy it still has not been implemented. On the contrary, government in countries such as Malaysia and China are actively involved in the sector and provide funding support. **Costs versus revenues:** The average Indian animation movie budget is limited – less than 1 percent of the budget of a typical Disney-Pixar film. The economics of animated films in India are, therefore, unviable in the absence of large audiences. **No dedicated governing body:** With no dedicated governing body, the animation and gaming industry continues to be under the generic National Association for the Software and Services Companies (NASSCOM).

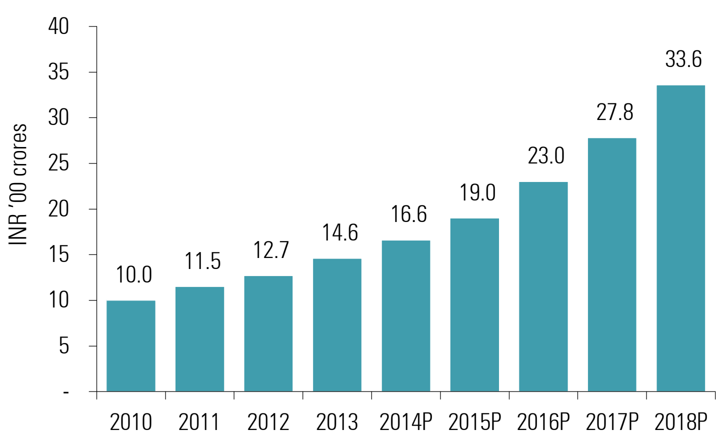
Sources: FICCI-KPMG report 2014, Media & Entertainment Skills Council February 2014 report

Radio is an impressive advertising medium and its growth can be attributed to the successful rollout of DAS licenses

Key Facts

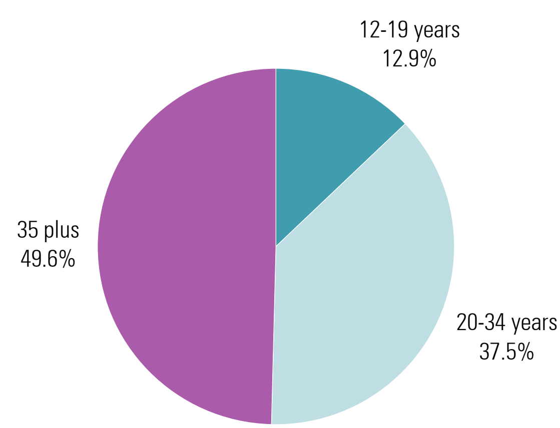
- Radio's growth trajectory seems promising and has been largely driven by the successful rollout of the cable digital access system (DAS) licenses in phase 1 and phase 2 (in 2010)
- The sector is also exploring opportunities in the internet-driven digital media domain. Internet and mobile platforms are identified as cost-effective growth enablers, as they extend the medium's reach and provide tailored content
- The increase in the number of radio broadcast channels is likely to boost the demand for talent in the sector. In the talent-driven media sector, companies can potentially differentiate themselves through their ability to attract and retain creative people
- Revenue growth in FM radio is expected to be driven by:
  - Launch of stations and increase in their popularity across tier II and tier III cities, which enables radio companies to provide advertisers with a bouquet of channels that can support brand launches across states
  - Expected regulatory reforms that are likely to improve profitability and stimulate foreign investment
  - Implementation of an accurate nationwide measurement mechanism including allowing multiple station ownership in a single city and content networking will evaluate returns across FM stations

Market size of the radio industry from 2010-2018



Sources: FICCI-KPMG report 2014

Break-up of the radio listeners in India by age group (2013)



Sources: FICCI-KPMG report 2014

- The overall size of the radio industry in 2013 registered a healthy Y-O-Y growth of 15.5 percent reaching INR 14.6 billion as compared to INR 12.7 billion in 2012
- The radio industry is expected to reach INR 33.6 billion in 2018 and grow at a CAGR of 18.1 percent over 2013-18
- According to analysis by Radio Audience Measurement ('RAM') which covers four metros – Mumbai, Delhi, Bengaluru and Kolkata, in 2013, the share of audiences tuning on to radio from out-of-home mediums such as cars, as compared to in-home listing increased from 21.3 percent in 2012 to 23.1 percent in 2013

Sources: FICCI-KPMG report 2014, KPMG in India analysis, RAM data for the year January-December 2013

Value Chain

Value chain for the radio sub-sector

Value chain components	Content creation	Broadcasting	Distribution
Traditional value chain	Content providers	Broadcasting and Distribution	
	▪ Film and private label music ▪ Coverage of live performances ▪ Sponsored programs	▪ Government-owned radio channels such as Akashwani ▪ Private FM channels (such as Radio City, Red FM, Radio Mirchi)	
Emerging value chain	Content providers	Broadcasting	Distribution
	▪ Film and private label music ▪ Coverage of live events ▪ Sponsored programs ▪ Podcasts	▪ Government-owned radio channels such as Akashwani ▪ Private FM channels ▪ Online radio channels ▪ Mobile apps	▪ Online aggregators (Radio Whiskey, radiowalla)

- Key players in the radio industry are Radio City, Radio Mirchi, Red FM, AIR FM and Fever FM. Also, Radio Mirchi has four online radio stations and Radio City also operates three online radio stations
- Content providers include film and private label music broadcast rights, coverage of live events, sponsored programs/in-house generated content. Radio content also includes programs, events and live performances produced by radio stations or radio broadcast companies
- Broadcasters essentially include government-funded radio stations in the AM and FM frequency that provide entertainment content as well as engage into community programs in line with the government's inclusive growth agenda
- Additionally, traditional radio broadcasters have started streaming their programs online. This allows them to widen their reach beyond their signal areas and increase the chances of selling to national advertisers
- The traditional value chain of the sector does not differentiate between broadcasters and distributors. The radio channels discussed above source content and also distribute it over AM/FM waves. However, growth in mobile telephony and internet penetration in India are giving rise to distributors as a distinct component in the value chain

Sources: KPMG in India analysis

Sub-sectoral overview-Radio

This sector has witnessed a huge demand from Tier 2 and Tier 3 cities which contribute ~50 percent to its ad revenues

Key trends	**Local advertising spends:** Tier 2 and 3 cities contributed about 50 percent to ad revenues of radio sector in 2012, with stations such as MY FM garnering almost 75 percent of advertisements from local businesses. **Mobile and out-of-home listenership drives growth:** India is witnessing an increased engagement with the radio, largely attributed to out-of-home listenership through mobile and car stereo systems. **Increasing use of social media:** Radio channels are extensively leveraging social media to differentiate themselves in a crowded market. In India, Radio One 94.3 has a different Facebook page for every city and it posts studio pictures, guest interviews and celeb gossip on these pages to increase fan engagement with guests and RJs.
Opportunities	**Revenues for non-metros growing:** The radio market is saturating in metros and advertisers are seeking to expand their reach. Therefore, tier 2 and 3 cities are expected to drive the next phase of growth. **Internet radio:** Vendors are now keen on tapping new revenue streams such as internet radio. Internet radio in India is still at a nascent stage and it is appealing to audiences who want dedicated channels for a specific genre and do not wish to wait for some part of the day allocated to it by a radio station or listen to mass consumption music. **Innovation and engagement:** Since radio spots, RJ mentions and promo contests are the norm today, innovation that will help break the clutter to get the desired response is the need of the hour. Radio industry will continue to position itself as an engagement medium – regular mentions by RJs who have emerged as celebrities in their own right, dial-in shows as an engagement tool – the share of local will also continue to climb.
Challenges	**Limited reach for national advertisers:** The reach of private FM players is limited to tier 1 and a few tier 2 cities. However, small towns and rural pockets that are emerging as growth engines of our economy do not have access to private channels. **Delay in phase 3 roll out:** Delay in the roll-out of policy for the third phase of the licensing of 839 FM stations, cleared by the Cabinet in July 2011, has stymied the growth for the radio industry which needs to expand. India today has only 245 FM stations across 86 cities, in addition to the AIR network, out of the 1,600 odd number of cities in India. **Uncertainty on migration fees:** The regulatory regime is yet to announce the migration fee likely to be charged from radio players who want to extend their licenses beyond the Phase-2 license period. This has been preventing players from predicting the future capital outflows of radio ventures, thereby limiting their ability to estimate the reserve price they may be willing to pay.

Sources: FICCI-KPMG report 2014, Media & Entertainment Skills Council February 2014 report

Geographical clusters

Geographical clusters

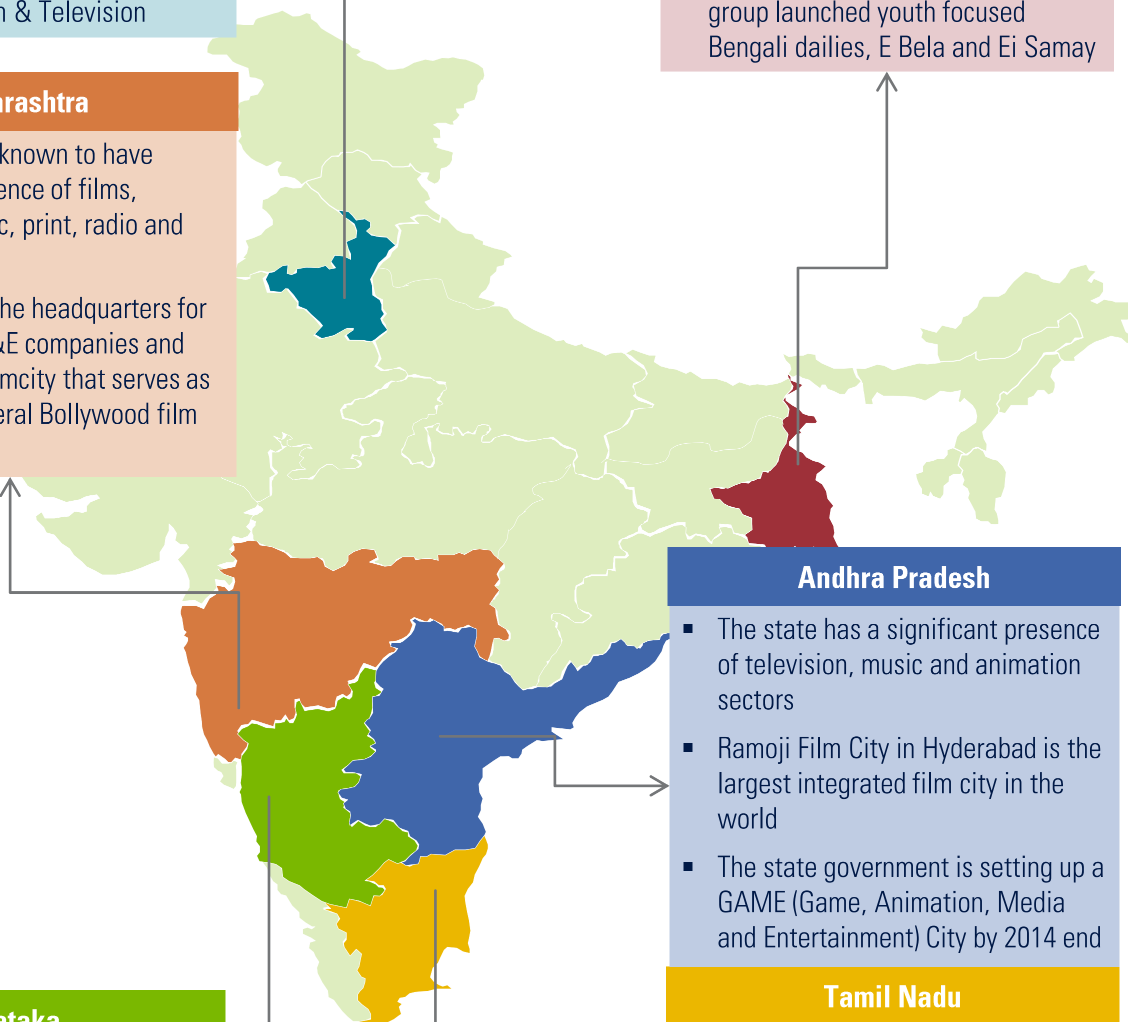
Distribution of M&E hubs across India

Haryana/Delhi NCR

- Noida, Gurgaon and Delhi have led the growth of television, radio, print, music, films and advertising sectors
- Noida Film City houses Marwah Films & Video Studios and the Asian Academy of Film & Television

Maharashtra

- Maharashtra is known to have significant presence of films, television, music, print, radio and animation
- Mumbai being the headquarters for a number of M&E companies and also home to Filmcity that serves as a venue for several Bollywood film shootings



Karnataka

- Television, films, music and animation sectors are the key drivers of Karnataka M&E industry
- To cultivate the animation sector, the state government unveiled the Animation,Visual Effects, Gaming and Comics (AVGC) policy in 2012

West Bengal

- West Bengal has a significant presence of films, television, print and music sectors
- Triggered by the demand for print dailies, both ABP and the Times group launched youth focused Bengali dailies, E Bela and Ei Samay

Andhra Pradesh

- The state has a significant presence of television, music and animation sectors
- Ramoji Film City in Hyderabad is the largest integrated film city in the world
- The state government is setting up a GAME (Game, Animation, Media and Entertainment) City by 2014 end

Tamil Nadu

- The key sub-sectors in Tamil Nadu are television, print and radio
- Sun Group, one of the largest media conglomerates, is based in Chennai. The Group has 33 TV channels, 45 radio stations, a DTH company and other media divisions in its bouquet

Sources: KPMG in India analysis

Incremental human resource requirement (2013-17, 2017-22) and skill gaps

Industry currently employs 0.4 million workforce in 2013 which is expected to reach 1.3 million by 2022…

Industry largely depends on advertising revenues and performance of Industry is largely dependent on the overall economy outlook. Industry currently employs 0.4 million workforce in 2013 which is expected to reach 1.3 million by 2022 translating into 0.9 million additional employment opportunities during the period 2013-22. Owing to high dependency on human resources, industry would have a strong correlation between employment growth and output value. Labour elasticity for the period 2013-22 is pegged at 0.55 considering the technological advancements and emergence of new media segments. Labour elasticity factors have considerable variations across the sub sectors depending on nature of activities undertaken.

Sub Sector	Employment (in Million)		
	2013	**2017**	**2022**
Television	0.14	0.28	0.64
Print	0.06	0.07	0.13
Radio	0.02	0.03	0.04
Animation, VFX and Gaming	0.02	0.03	0.04
Films	0.16	0.24	0.44
Overall Sector	**0.4**	**0.65**	**1.3**

Sub Sector	Employment Growth 2013-17	Employment Growth 2017-22	Employment Growth 2013-22
	(In millions)	(In millions)	(In millions)
Television	0.14	0.36	0.5
Print	0.01	0.06	0.07
Radio	0.01	0.01	0.02
Animation, VFX and Gaming	0.01	0.02	0.03
Films	0.08	0.20	0.28
Overall Sector	**0.25**	**0.65**	**0.90**

Sources: KPMG in India analysis

Television and Films account for lion's share of employment growth in the sector during 2013-22. While the growth rate of employment in new media and Animation/Gaming is high, considering the relatively lower base of current employment the contribution to overall sectoral growth is limited.

Incremental human resource requirement (2013-17, 2017-22) and skill gaps

Key Job Roles – Television (1/2)

Pre - production	Production	Post - Production	Broadcasting
Channel Operations/Programming, Costume, Copy Writing/ Copy Desk/ Features Writing, Direction, Production, Screen/Scriptwriting	Acting/Voice-overs, Anchoring/Commentary, Art & Design, Camera, Field Journalism, Hair & Make-up, Lighting, Photography (Stills), Sound	Post Production	Broadcast Operations, Media Management

Role	Skill gap
Management/ Executive Roles	▪ Knowledge of the production process and technical concepts ▪ Awareness of IP laws ▪ Conceptualization skills and the ability to deliver path-breaking/differentiated content
Production	▪ Lack of formal training in content production, which often leads to inadequate research, planning and conceptualization ▪ Knowledge of production workflow and processes ▪ Ability to balance creativity and costs ▪ Knowledge of contractual terms and agreements ▪ Negotiation skills in order to effectively manage vendor relationships ▪ Regional content production skills ▪ Production skills for online and mobile platforms
Post-Production	▪ Knowledge of post production concepts and techniques, limited specialization ▪ Ability to discern/ separate relevant footage from footage that is not required ▪ Limited upgrading of skills/ technological changes/ new techniques ▪ Ability to work independently without supervision ▪ Language and comprehension skills
Script-writers	▪ Understanding of screen-writing concepts and writing styles ▪ Writing for regional productions ▪ Writing for genres such as humor, sitcoms, satire etc. ▪ In case of factual programming (e.g. documentary style shows), writers must add to the script, rather than narrate
Directors	▪ Regional content production

Source: Industry interactions, KPMG in India analysis

Key Job Roles – Television (2/2)

Role	Skill gap
Camera	▪ Formal knowledge of video capture concepts and camera techniques, limited specialization ▪ Language skills
Set Crafts	▪ Knowledge of set etiquette ▪ Low productivity/ quality of output
Costume	▪ Understanding of design and fashion concepts, e.g. costume design for period dramas ▪ Practical experience with what fabrics, styles work best for filming ▪ Ability to conceptualize; originality and creativity
Stage-hands (Light men, spot-boys, assistants)	▪ Technical training, how to operate equipment ▪ Softer aspects – Confidence and assertiveness ▪ Knowledge of health and safety guidelines ▪ Knowledge of set etiquette ▪ Low productivity
Journalists	▪ Ability to use technology effectively i.e. Skype, mobile, hand-held cameras etc. ▪ Copy-writing for multiple platforms – TV, online and mobile ▪ How to operate editing software and cut packages for broadcast media ▪ Soft-skills ▪ Language and public speaking skills
Broadcast Operations	▪ Training and familiarity with different broadcast/play out software and systems ▪ Limited upgrading of skills/ new techniques
Media Management/ Archival	▪ Lack of automation and use of technology ▪ Knowledge of file naming conventions and meta-tagging skills

Source: Industry interactions, KPMG in India analysis

Key Job Roles – Print

Content Gathering	Editing & Pagination
Field Journalism/Reporting, Still Photography	Art & Design, Copy-writing/ Desk-writing/ Features Writing

Role	Skill gap
Ad Sales	▪ Overall understanding of the media industry and specifically, the print segment ▪ Knowledge of measurement tools and data analytics tools, for example using IRS, Adex etc. ▪ Negotiation skills ▪ Creative thinking and conceptualization skills, developing and marketing strong 'brands' ▪ Lack of integration between the front-end and back-end sales teams
Copy Writing/ Copy Desk/ Features Writing	▪ Limited practical training ▪ Writing for specific genres e.g. business news, war/ conflict coverage, investigative journalism ▪ Presentation of content in a manner that is aligned to the publication and its target audience
Photographers (Stills)	▪ Creative and conceptualization skills ▪ Knowledge of imaging software such as Adobe Photoshop, Lightroom, Corel etc. ▪ Given the nature of this profession, there are several talented photographers who are willing to work as freelancers, but there is a shortage of people who would want to join in as full-time employees

Source: Industry interactions, KPMG in India analysis

Incremental human resource requirement (2013-17, 2017-22) and skill gaps

Key Job Roles - Film

Pre - production	Production	Post - Production
Director, Producer, Script writer, Production Designer, Set Designer, Set Worker	Acting / Voice-overs, Camera men/ Videographer, Sound Effects / Audio Engineers & Technicians, Costume Designer, Hair & Make-up boy, Light men, Music, Photographer (Stills)	VFX/ Post Production

Role	Skill gap
Producers	▪ Limited planning/ pre-production skills – Indian films typically take more time in production than in pre-production, whereas in more advanced industries like Hollywood pre-production time is nearly 3 times the actual production time ▪ Understanding of key production concepts and visualizing the production process (e.g. conducting location recces, seeking shooting permissions from local governments etc.) ▪ Knowledge of planning and budgeting software
Director	▪ Understanding of key production concepts and visualizing the filming process ▪ Ensuring continuity in shoots
Acting/ Voice-overs	▪ Formal understanding of filming concepts ▪ Familiarity with various acting styles, techniques and genres ▪ Knowledge of set etiquette
Post-production	▪ Ability to discern/ separate relevant footage from footage that is not required ▪ Limited upgrading of skills/ technological changes/ new techniques ▪ Lack of reward/ recognition for high quality talent that is trained on the latest equipment and techniques
Screen/Script writing	▪ Understanding of screen-writing concepts and writing styles ▪ Writing for different genres/ movie budgets and being able to script in a style that facilitates realization of the concept
Stage-hands (Light men, spot-boys, assistants)	▪ Knowledge of health and safety requirements ▪ Knowledge of how to operate technical equipment ▪ Knowledge of health and safety requirements ▪ Knowledge of how to operate technical equipment

Source: Industry interactions, KPMG in India analysis

Incremental human resource requirement (2013-17, 2017-22) and skill gaps

Key Job Roles – Animation, VFX & Gaming

Pre - production	Production	Post - Production
Art & Design, Direction, Production, Screen/Script writing, Sound, Game Design	Animation, Asset Creation (Rigging, Modeling and Texturing), Lighting, Quality Assurance (QA), Game Development, Programmers/Testers	Music, Post Production

Role	Skill gap
Animators	▪ Traditional hand drawing/ sketching skills ▪ Particle animation/ Dynamics ▪ Eliciting performance from characters – accurately animating facial expressions and emotions
Game Designers	▪ Formal education in game concept design Designing multiple levels of a game Scientific and logical thought process Cross-functional understanding (i.e. how the game will move through the production process and implications of a particular design on the workflow) ▪ There is shortage of User Interface (UI) experts in India – this skill-set is typically sourced from abroad
Art & Design	▪ Conceptual design skills, ability to create original characters/ objects ▪ Knowledge of drawing and human anatomy ▪ Understanding of spatial aspects, architecture and geography ▪ Communication skills
Direction	▪ Pitching stories and production concepts to financiers ▪ Screening production concepts for viability ▪ Effectively planning timelines and workflow
Modelers	▪ Understanding of physics and human anatomy
Post-production	▪ Effective understanding of principles of Rotoscopy/ fundamentals of depth ▪ Compositing skills to accurately depict the style of content
Script-writing	▪ Writing scripts that are conducive to animation - Understanding of concepts/ themes that appeal to children
Programmers/Testers	▪ Lack of specialization in coding/ testing for games ▪ Often the generic programming skills are also not up to the mark

Source: Industry interactions, KPMG in India analysis

Key Job Roles – Radio

Content Production → **Broadcasting**

Content Production	Broadcasting
Channel Operations/ Programming, Copy-writing, Production	Broadcast Operations / Technology, Art & Design, Radio Jockeying/ Presenting/ Anchoring, Sound Effects / Audio Engineers & Technicians

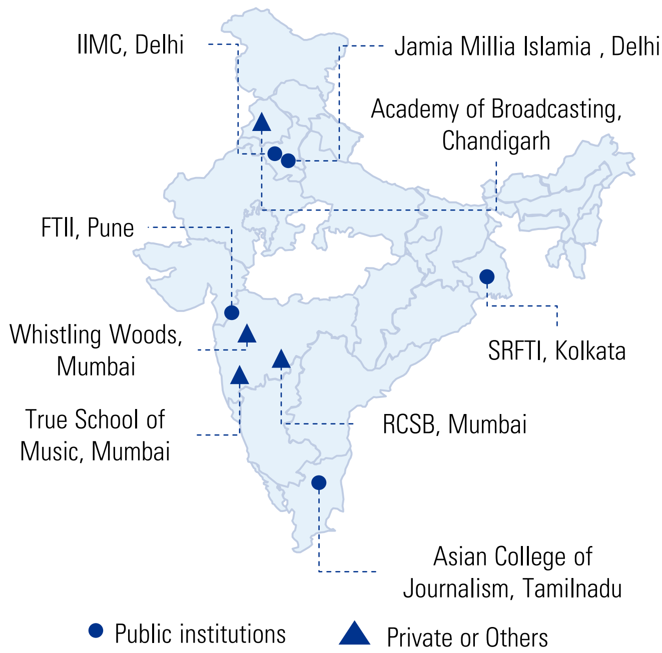
Role	Skill gap
Radio Presenters/ Radio Jockeys	▪ Language and diction skills ▪ Awareness of local news and developments ▪ Creativity and spontaneity
Producers	▪ Creative thinking while conceptualizing programs ▪ Awareness of local news and developments ▪ Good sense of music and how to schedule playlists ▪ Progressive outlook
Copywriters	▪ Creative writing for radio programs
Sound Engineers	▪ Matching the required quality of sound
Technology	▪ Managing radio transmitters and IT (large networks typically outsource this function to specialist technology service providers, and the skill gap is usually felt by smaller stations that retain the function in-house)

Source: Industry interactions, KPMG in India analysis

Training infrastructure

Select infrastructure of the media and entertainment sector

Employers preference for supply sources: private and public training institutes



Actor's Studio, Orissa

- The acting programme at Actors' Studio which focuses on both TV and films is designed to integrate theory, analysis and practice in the classroom
- The programme uses a variety of techniques ranging from behaviour based methods to technology- oriented exercises designed to enhance performance for camera

Film and Television Institute of India (FTII), Pune

- FTII offers specialized courses for aspiring candidates eyeing film and television domains
- It receives around 5,000 applications from various parts of the country for admission to various PG diploma and certificate courses
- The total number of seats in the 11 courses is 132, with each course having 12 seats

Challenges impacting the growth of industry infrastructure development

- Industry players are yet to fully recognize the importance of training, skill development or education in media
- The students trained in a media course often have to compete with general stream graduates for a job, as the industry continues to hire general stream graduate students at the entry level who are expected to learn on the job
- Perception about media as a vocation- especially on the creative side-is often not favourable
- Lack of job security driven by company size and the widespread use of freelancers
- Unattractive salaries as compared to other industries and absence of clear career path for a student
- Owing to a high demand, several media schools opened however many of them lack quality, teach an outdated curriculum and are mostly ill-equipped to handle demands of the industry to train and skill manpower
- A lot of production houses in television, films, animation and news, in both print and broadcast, have in-house training schools but they lead to creation of a captive talent pool and do not benefit the industry at large
- In terms of overall vocational skill-sets development, the macro environment within the media industry isn't as evolved and conducive as mature industries like IT, manufacturing, engineering or pharmaceutical industries. This is also one of the reasons why the industry cannot really be the first career option for a majority of youngsters

Source: Press articles, KPMG in India analysis, FICCI-KPMG report 2014

Select infrastructure of the media and entertainment sector

Sub-sectors	List of media and entertainment colleges and institutions in India
Film and Television	▪ Film and Television Institute of India (FTII) ▪ Satyajit Ray Film and Television Institute (SRFTI) ▪ Jamia Millia Islamia ▪ Whistling Woods ▪ Shristi School of Art, Design and Technology ▪ Annapurna International School of Film and Media ▪ Actor's Studio ▪ Indian Film & Television Institute (IFTI)
Print	▪ Indian Institution of Mass Communication ▪ Jamia Millia Islamia ▪ Asian College of Journalism ▪ Pioneer Media School ▪ Times School of Journalism
Music	▪ KM College of Music and Technology ▪ Swarnabhoomi Academy of Music ▪ Shankar Mahdevan Online music academy ▪ True School of Music ▪ Indian Idol Academy
Radio	▪ The Radio City School of Broadcasting (RCSB) ▪ Regional Training Institute of All India Radio ▪ IRJ Institute of Radio Jockeying ▪ Academy of Broadcasting
Animation, VFX & Gaming	▪ Shristi School of Art, Design and Technology ▪ National Institute of Design ▪ Global School of Animation ▪ Arena Multimedia ▪ Maya Academy of Advanced Cinematic (MAAC) ▪ Zee Institute of Creative Arts (ZICA) ▪ Global Institute of Gaming & Animation (GIGA)

Source: Press articles, KPMG in India analysis, FICCI-KPMG report 2014

Recommendations for key stakeholders

Supply of Training Courses through credible training institutes with good quality trainers to meet burgeoning industry demand

- Unregulated training providers lack quality, teach an outdated curriculum and are mostly ill-equipped to handle demands of the industry to train and skill manpower. This leads to reduced standards of service in the industry
- Poor trainers' quality or lack of an adequate number of good trainers has been felt to be one of the key reasons for poor quality of training
- Constant up gradation of skills in line with Indian and Global standards is a pressing need, which is often ignored in the training mandate

Recommendation 1: Create training capacities through credible media institutes with quality faculty and a dynamic curriculum particularly in television segment which enables the sector to tap into the right people in terms of training skills and capability

- Promote training infrastructure for Media and Entertainment industry through industry players and the government. Training institutions need financial support, so that they can develop infrastructure, for example purchase the latest equipment to train students
- Institutions need to pay close attention to teacher recruitment, training and create regularly updated curriculum in consultation with industry

Poor Perceptions amongst the Youth regarding Career Prospects in Media and Entertainment Industry

- Lack of job security driven by company size and the widespread use of freelancers, sometimes unattractive salaries as compared to other industries and absence of clear career path for a student makes it difficult to attract or retain students or manpower across many sub-segments, especially the creative profiles like script-writing, film- making, production, acting, journalism and animation
- There is a demand for entry level, mid and senior level professionals across jobs roles and sub segments
- While the Central Board of Secondary Education offers a course at class 12 as a vocational subject, other education boards in the country need to introduce it

Recommendation 2: Introduction of media and entertainment related courses in secondary school education to promote the awareness levels on skill requirements in the industry

- The government must encourage media and entertainment courses as an option in popular ITI institutes so as to avoid isolation of the industry related courses
- Awareness needs to be created amongst the school students through vocational education in the sector during secondary school education creating awareness of opportunities in the sector

Recommendations for stakeholders

Developing coherence between knowledge imparted in institutions and skill set required in workplace with special focus on certain courses to enhance the profitability of the industry

- Managerial skills are required in many job-roles in Media & Entertainment industry. Providing same beforehand would be a win-win situation for employees as well as employers
- Specific arenas of training need to be stressed upon for good quality employees

Recommendation 3: Focus on specific areas of training like production management in collaboration with leading management institutions in India to enable production houses draw synergies in production ventures and reduce costs

- High standard has to be maintained while imparting key courses, which necessitates collaboration with leading management institutions

Encourage formal skill development, training and incentives for animation/ VFX and gaming

- Scope of animation, VFX and gaming is widening day by day. Apart from animation jobs in motion picture industry there are several other fields such as cartoon production, websites and video game which require skilled man force
- Most educational institutions do not require students to possess a background in art. Without the basic skills, students are often trained in operating animation software, which results in lack of conceptualization/designing skills to succeed
- Dire funding scenario is prevalent in this industry with no dedicated governing body.

Recommendation 4: Encourage formal skill development and training and incentives for animation/VFX and gaming

- Dedicated governing body is needed to look into the requirements of animation and gaming sector
- With success of TV show - Chhota Bheem and animated movie - Mahabhart, demand for workforce in animation industry would increase

Up skilling of workforce to match up with changing technical requirements in the industry

- Skill set required for industry is changing with incorporation and usage of modern technology
- Training institutes need to upgrade their infrastructure and curriculum to impart knowledge about these technologies. Also, in-house-training need to improvise their training program
- Government and industry need to aid training schools to achieve this advancement

Recommendation 5: Promote and incentivize up-skilling of workforce to cope up with the changes including digitization, growth in multilingual markets, new technologies and convergence that demand additional skill sets for the workforce

- Up-skilling would serve as add-on for the employees. Provide skill premium for up-skilled candidates.
- Encourage employees to upgrade skills to remain relevant in the changing industry scenario
- Formalize the training relationship with product companies to certify and credit the employees who have undergone such training

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